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(HOUSE OF COMMONS

Fifth Session—Twenty-second Parliament
1957

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STANDING COMMITTEE
ON

Agriculture and Colonization

Chairman: RENE N. JUTRAS, ESQ.

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MINUTES OF PROCEEDINGS AND EVIDENCE
No. 1

BILL No. 157

An Act to amend the Prairie Farm Assistance Act

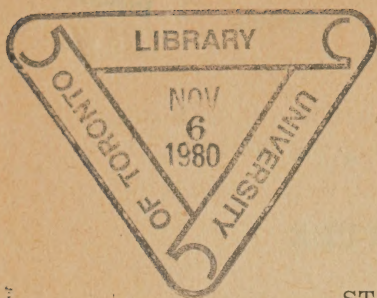
TUESDAY, MARCH 5, 1957

MONDAY, MARCH 11, 1957

WITNESSES:

Mr. G. J. Matte, Associate Director of Rehabilitation, Department of
Agriculture and Mr. W. R. Bird, Director, Prairie Farm Assistance Act,
Regina, Sask.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1957.



STANDING COMMITTEE
ON
AGRICULTURE AND COLONIZATION

Chairman: René N. Jutras, Esq.

and Messrs.

Anderson,
Batten,
Blackmore,
Boucher,
Bruneau,
Bryce,
Cardiff,
Charlton,
Decore,
Demers,
Deslières,
Dinsdale,
Fontaine,
Forgie,
Gingras,
Gour (*Russell*),
Harkness,
Harrison,
Huffman,
James,
Johnson (*Kindersley*),
Jones,

Jutras,
Kickham,
Kirk (*Antigonish-
Guysborough*),
Laflamme,
Legaré,
Lusby,
MacKenzie,
MacLean,
Mang,
Massé,
Matheson,
McBain,
McCubbin,
McCullough (*Moose
Mountain*),
Ménard,
Michaud,
Montgomery,
Murphy (*Westmorland*),
Nicholson,
Patterson,

Perron,
Pommer,
Proudfoot,
Purdy,
Quelch,
Roberge,
Robinson (*Bruce*),
Schneider,
Smith (*Battle River-
Camrose*),
Stanton,
Studer,
Thatcher,
Tustin,
Villeneuve,
Weaver,
Weselak,
White (*Middlesex East*),
White (*Waterloo
South*).

ORDER OF REFERENCE

HOUSE OF COMMONS,

JANUARY 24, 1957.

Resolved,—That the following Members do compose the Standing Committee on Agriculture and Colonization:

Messrs.

Anderson,	James,	Nicholson,
Argue,	Jones,	Patterson,
Batten,	Jutras,	Perron,
Blackmore,	Kickham,	Pommer,
Boucher,	Kirk (Antigonish-	Proudfoot,
Bruneau,	Guysborough),	Purdy,
Bryce,	Laflamme,	Quelch,
Byrne,	Legaré,	Roberge,
Cardiff,	Lusby,	Robinson (Bruce),
Charlton,	MacKenzie,	Schneider,
Clark,	MacLean,	Smith (Battle River-
Decore,	Mang,	Camrose),
Demers,	Massé,	Stanton,
Deslières,	Matheson,	Studer,
Dinsdale,	McBain,	Thatcher,
Fontaine,	McCubbin,	Tustin,
Forge,	McCullough (Moose	Villeneuve,
Gingras,	Mountain),	White (Middlesex East),
Goode,	Ménard,	White (Waterloo
Gour (Russell),	Michaud,	South)—60.
Harkness,	Montgomery,	
Huffman,	Murphy (Westmorland),	

(Quorum 20)

Ordered,—That the Standing Committee on Agriculture and Colonization be empowered to examine and inquire into all such matters and things as may be referred to them by the House; and to report from time to time their observations and opinions thereon, with power to send for persons, papers and records.

FRIDAY, FEBRUARY 22, 1957.

Ordered,—That the following Bill be referred to the said Committee:

Bill No. 157, an Act to amend the Prairie Farm Assistance Act.

TUESDAY, MARCH 5, 1957.

Ordered,—That the said Committee be authorized to sit while the House is sitting.

Ordered,—That the quorum of the said Committee be reduced from 20 to 15 members and that Standing Order 65(1)(f) be suspended in relation thereto.

Ordered,—That the said Committee be empowered to print from day to day, 750 copies in English and 250 copies in French of its Minutes of Proceedings and Evidence, and that Standing Order 66 be suspended in relation thereto.

THURSDAY, MARCH 7, 1957.

Ordered,—That the name of Mr. Johnson (*Kindersley*) be substituted for that of Mr. Argue on the said Committee.

FRIDAY, MARCH 8, 1957.

Ordered,—That the name of Mr. Harrison be substituted for that of Mr. Byrne;

That the name of Mr. Weselak be substituted for that of Mr. Goode; and
That the name of Mr. Weaver be substituted for that of Mr. Clark,
on the said Committee.

Attest.

LEON J. RAYMOND,
Clerk of the House.

REPORT TO THE HOUSE

TUESDAY, MARCH 5, 1957.

The Standing Committee on Agriculture and Colonisation begs leave to present the following as its

FIRST REPORT

Your Committee recommends:

1. That it be authorized to sit while the House is sitting.
2. That its quorum be reduced from 20 to 15 members and that

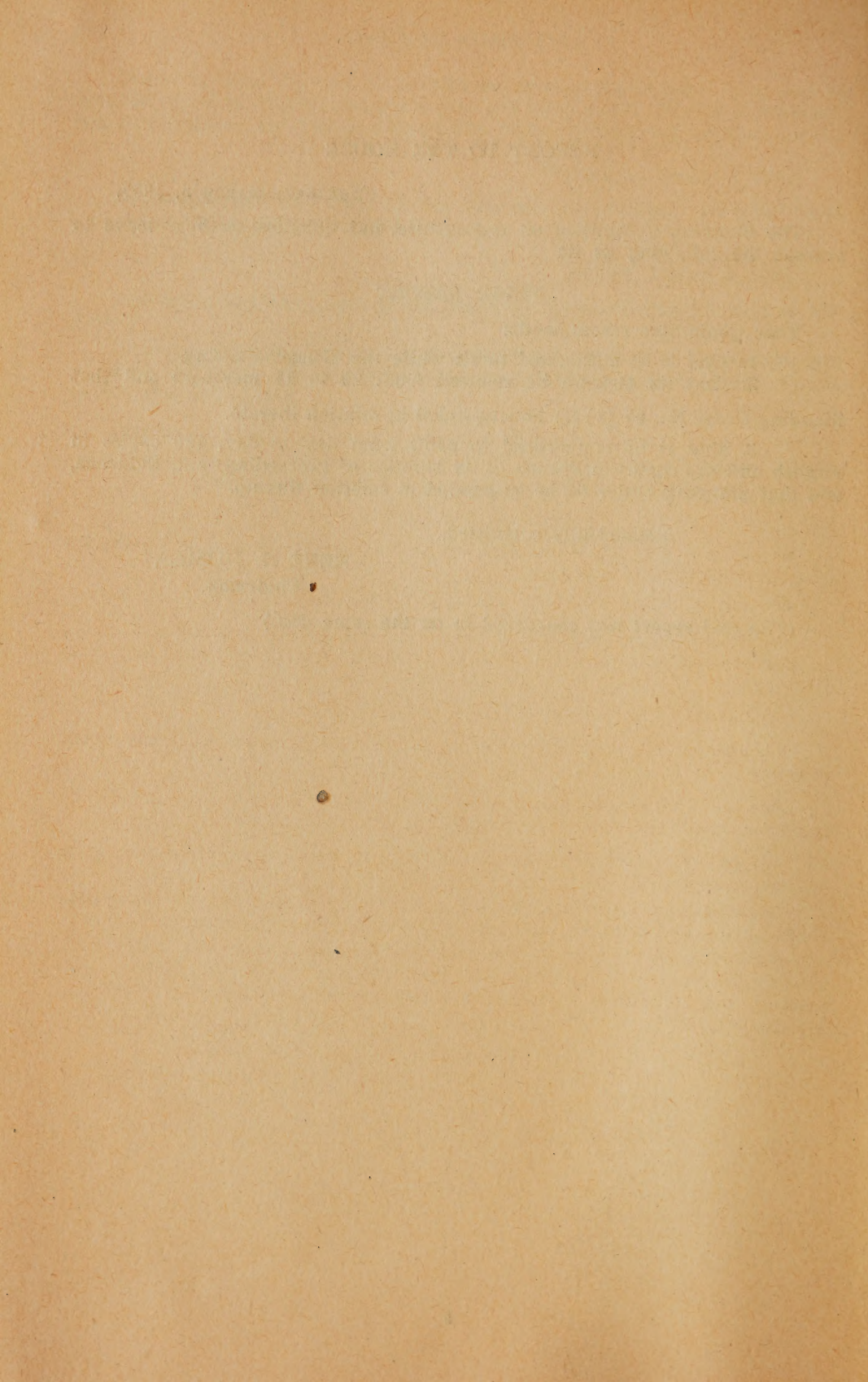
Standing Order No. 65 (1) (f) be suspended in relation thereto.

3. That it be empowered to print from day to day, 750 copies in English and 250 copies in French of its Minutes of Proceedings and Evidence, and that Standing Order 66 be suspended in relation thereto.

Respectfully submitted,

RENE N. JUTRAS,
Chairman.

(The said report was concurred in on the same day.)



MINUTES OF PROCEEDINGS

HOUSE OF COMMONS, Room 118,
TUESDAY, March 5, 1957.

The Standing Committee on Agriculture and Colonization met at 11.00 a.m. this day. The Chairman, Mr. René Jutras, presided.

Members present: Messrs. Argue, Boucher, Bryce, Cardiff, Decore, Deslières, Harkness, James, Jones, Jutras, Kirk (*Antigonish-Guysborough*), Légaré, MacKenzie, MacLean, Massé, McBain, McCullough (*Moose Mountain*), Pommer, Purdy, Quelch, Roberge, Schneider, Smith (*Battle River-Camrose*), White (*Middlesex East*).—24.

In attendance: The Right Honourable James G. Gardiner, Minister of Agriculture.

The Orders of Reference were read by the Chairman.

On motion of Mr. Pommer, seconded by Mr. Roberge,

Resolved,—That a recommendation be made to the House to reduce the quorum from 20 to 15 members.

On motion of Mr. Deslières, seconded by Mr. Jones,

Resolved,—That permission be sought to print, from day to day, 750 copies in English and 250 copies in French of the Committee's Proceedings and Evidence.

On motion of Mr. Bryce, seconded by Mr. Légaré,

Resolved,—That the Committee request permission to sit while the House is sitting.

Agreed—That a Subcommittee on Agenda and Procedure, comprising the Chairman and 8 members to be named by him, be appointed.

Agreed—That farm organizations desiring to make representations relating to Bill 157 be heard.

The Chairman undertook to make available to members of the Committee copies of the Regulations made under the Prairie Farm Assistance Act.

Following a statement by the Chairman indicating that Mr. W. R. Bird, Director of Prairie Farm Assistance would appear at the Committee's next meeting, the Committee adjourned at 11.20 a.m. to meet again at 11.00 a.m. Monday, March 11.

J. E. O'Connor,
Acting Clerk of the Committee.

MONDAY, March 11, 1957.

The Committee met at 11.00 o'clock a.m. The Chairman, Mr. René Jutras, presided.

Members present: Messrs. Anderson, Bryce, Cardiff, Charlton, Dinsdale, Harkness, Johnson (*Kindersley*), Jones, Jutras, Kickham, Légaré, Mang, Massé, McCullough (*Moose Mountain*), Michaud, Montgomery, Nicholson, Patterson, Pommer, Purdy, Quelch, Robinson (*Bruce*), Smith (*Battle River-Camrose*), Studer, Thatcher, Weaver, White (*Waterloo South*), Weselak.—28.

In attendance: The Right Honourable James G. Gardiner, Minister of Agriculture; Mr. James Patterson, Manitoba Chairman of the Interprovincial Farm Union Council; Mr. Henry Young, Vice-President, Farmers Union of Alberta; Mr. Stanley Perka, Farmers Union of Alberta; Dr. E. C. Hope, Canadian Federation of Agriculture; Mr. G. J. Matte, Associate Director of Rehabilitation, Department of Agriculture, and Mr. W. R. Bird, Director, Prairie Farm Assistance Act, Regina, Saskatchewan.

The Committee proceeded to the study of Bill 157, An Act to amend the Prairie Farm Assistance Act.

At the invitation of the Chairman, the Right Honourable Mr. Gardiner spoke briefly to make a correction to a statement made by him in the House a few days before.

Messrs. Matte and Bird were in turn called to address the Committee. They outlined their respective functions and explained the mode of administration of the Prairie Farm Assistance Act. They commented on the amendments to the Act brought forward in the Bill now under consideration.

The Right Honourable Mr. Gardiner, Mr. Matte and Mr. Bird answered many questions put to them by the members of the committee.

And the study of the bill still continuing, it was postponed to the next sitting.

At 1.00 o'clock p.m. the Committee adjourned to meet again at 11.00 o'clock a.m. tomorrow, Tuesday, March 12.

Antoine Chassé,
Clerk of the Committee.

EVIDENCE

MONDAY, March 11, 1957.

11.00 a.m.

The CHAIRMAN: Order. Gentlemen, we have a quorum.

Do you all have copies of the bill? There are some copies here at the head table for those of you who have not already got copies. We also have a few copies of the act, if anyone wants them.

This morning, we have with us, Mr. G. J. Matte, from the Ottawa office of the P.F.A., and Mr. W. R. Bird, from the Regina office.

I will ask Mr. Matte and Mr. Bird to come to the head table.

We also have in the room a representative of the Interprovincial Farm Union Council, Mr. Patterson. We have Mr. Young, from Alberta, and Mr. Stanley Perka from Alberta. Dr. E. C. Hope, from the Canadian Federation of Agriculture, is also in the room.

Before we begin, I will ask the Minister of Agriculture to say a word.

Right Hon. Mr. GARDINER: I just want to say that, in a rather hurried reply to the member from Selkirk the other night, when he asked me a question as to whether the Indians paid the levy, I think I said "yes". They do not. I just wanted to make that correction before we started. According to the regulations, the Indians are not supposed to pay the levy.

The CHAIRMAN: I will call on Mr. Matte.

Mr. G. J. MATTE (*Associate Director, Prairie Farm Assistance, Department of Agriculture*): Mr. Chairman, I do not know exactly what you would like me to cover. However, I would just like to say that my work is here in Ottawa. I am in charge of the administration of the act, in so far as Ottawa is concerned.

Mr. Bird, the director, is in charge of the field administration in Regina.

What we look after here in Ottawa is, largely, the general administration—that is, financing of the act, and getting the required funds for the administration, and the making of payments.

In addition to the set-up in Regina, that consists of about 57 permanent staff—and these men and women are employed the year round—we have a large staff of field inspectors, who are taken on in the fall of the year, and stay for periods ranging from a few days to a few weeks, to make inspections as the applications come in from the municipalities. These men are not, strictly speaking, employees of the government. They are picked up in the field. They are mostly municipal men, and men with municipal experience, or men who know the country very well. They are paid on a daily rate basis, for just as long as the work lasts. If it is a big program, they may be employed longer, and if it is a small program, they may only last a few days. That is the set-up.

In addition to that, there is a board of review. I think I will just read the duties of this board of review from the act.

This board of review consists of three members. I happen to be the member representing the Department of Agriculture. Mr. Holmes, of Saskatoon, represents the treasury department, Mr. Sol Sinclair, the Dean of Agriculture at the University of Manitoba, represents the farmers in the municipalities.

Now, under the act it says:

- (1) A board of review shall be established to consist of three persons, to be appointed by the governor in council on the recommendation of the minister, one of whom shall be named chairman.

(2) The board shall examine all information and data regarding the average yield of wheat in any township for which an application for assistance has been received and shall determine the eligibility of such township for an award under this act.

(3) The board shall decide, under the act and regulations, any question concerning the eligibility of any farmer or class of farmers for an award under this act.

(4) The decision of the majority of the members of the board constitutes the decision of the board.

Incidentally, Mr. Sol Sinclair is the chairman of the board.

I think that is about all I need to cover at the present time. There may be questions asked later on.

Mr. POMMER: You are not allowing questions now?

The CHAIRMAN: Possibly we should hear Mr. Bird, and then you can direct your questions to both of these gentlemen at the same time.

I will call on Mr. W. R. Bird, the Director of the Prairie Farm Assistance, Regina.

Mr. W. R. Bird, Director of Prairie Farm Assistance, Regina, called.

The WITNESS: I take it, Mr. Chairman, you would like me to outline the procedure that is followed in administering the act.

As Mr. Matte has outlined, our headquarters, for the administration of the act, are located in Regina. We have a small sub-office at Edmonton, which takes care of the Alberta area, and the Peace river district.

First of all, I think, Mr. Chairman, I might outline the assistance that is given under the act.

Where a crop failure area is established and set up by the board of review, there are three categories of assistance, as the act is presently set up.

Where we find an area established, with a yield of wheat from zero to four bushels per acre, we pay assistance to a farmer, who is otherwise eligible, at the rate of \$2.50 per acre, on half of his total cultivated acreage. The maximum payment is \$500.

Where the average yield, in an eligible area, is four bushels to eight bushels per acre, we make a payment at the rate of \$1.50 per acre on half of the farmer's total cultivated acreage. The maximum payment is \$300.

In the zero bushels per acre to four bushels per acre category, and in that category only, there is also a provision for a minimum payment of \$200, to any farmer qualifying.

Then, we have a provision under those yield sanctions of the act, where the eligibility is established by the yield, for the addition of small areas. We have used, first of all, the township as a basis for eligibility, and if when a township is found eligible, there is a rectangular block of one-sixth of a township—six sections or more in an adjoining township, with a side adjoining that eligible township with an average yield, under eight bushels per acre, we add that as a payable area.

The act provides also, that in an eligible area, where there is a sixth of the township, or more, which has an average yield of over ten bushels per acre, then that area must be removed from payment.

Under recent amendment, there is a provision for assistance to farmers, who cannot seed or summer fallow their lands because of reasons beyond their control, such as flooding. The qualification of the act, in regard to this type of assistance, is that there shall be an area of six sections, or 3840 acres, in a continuous flood area.

Where such an area can be established—that is, an area which has not been seeded or summer fallowed—then we pay assistance at the rate of \$2.50 per acre on half of the farmer's eligible land. Again, there is a maximum payment of \$500.

The amendments, which are proposed, would increase those rates of pay, and change the shape of the blocks, which I have mentioned, under section 6 subsection (c) and section 6, subsection (b) of the act, to an irregular shape, rather than the present rectangular shape, as the act now calls for.

Now, the procedure of dealing with the administration of the act is this: we ask that all municipalities—and where municipalities do not exist, the provincial governments on behalf of the local improvement districts—make application for assistance to us before September 15 in any year. We ask them to give us estimates, township by township, of the average yield of wheat which they expect to harvest. This enables us to make plans for our inspection program. As soon as the harvest is over, we proceed to carry out farm-to-farm inspections, in each township that has applied for assistance. Each farmer is asked to provide us with a cultivated acreage report, which indicates the acreage that he has sown to each type of grain, or summer fallow, or the acreage he may have in pasture, and also the acreage of tame grass which is in production.

I might point out there, Mr. Chairman, that the benefits of the act include the taking into consideration of grass acreage which has been planted to tame grass, and where the production is being maintained.

We take this information from the individual farmer. It is then taken and plotted on township maps, which are presented to the board of review, showing all of the information in connection with the acreage and yields of grain. The board of review then decides or determines the area which is to be paid.

As soon as the area is set up, we then take all of the farmers, who are included in the eligible area, and make payments to them on the basis that I have outlined to you.

The act provides that 60 per cent of the payments shall be made in the month of December, provided the harvest is early enough that we can get that done. Sometimes, if the harvest is delayed, it is necessary to delay the payments until a little later, but wherever it is humanly possible we make the first payment, of 60 per cent, in December. The act calls for the balance of the payments, that is 40 per cent, to be made during the month of March.

The payments under the act are provided by a 1 per cent levy, which is made on all the grain sold by the farmer, and collected from him at the elevator. This fund is handled by the Board of Grain Commissioners, who turn it in to the government.

As in the case, the amount collected, under the 1 per cent levy, has not been sufficient to carry the program, and the federal government has then reimbursed the fund, in order that the payments can be completed.

All of the costs of administration are provided by parliament through a separate fund.

I think that covers briefly what I have to say.

MR. POMMER: Mr. Chairman, when Mr. Matte was stating the number of employees at the Regina office, a question came to my mind regarding the superintendents and the district representatives. Are those men civil servants?

MR. MATTE: They are included in that group.

MR. POMMER: When they are retired they draw superannuation payments?

MR. MATTE: Definitely yes.

MR. POMMER: Thank you.

Mr. THATCHER: Mr. Chairman, I was wondering if Mr. Bird or the minister could give any estimate of how this bill will affect the prairie farmers, how much it will mean to them. In other words, how much money will be paid out of the treasury, in addition to whatever is paid under the old act.

The CHAIRMAN: What was that question again, please.

Mr. THATCHER: I was wondering if either Mr. Bird or the minister would estimate how much additional money the prairie farmer is likely to receive as a result of this amendment—how much is it going to mean to him?

Right Hon. Mr. GARDINER: Roughly speaking about 50 per cent. I would not like to say we could prove the figure would work out to that, because we have yet to have the experience.

Mr. THATCHER: You could not give the dollar estimate at all, I suppose, because it would depend on crop failures.

Hon. Mr. GARDINER: Yes. I should like to say that I understood Mr. Pommer to ask two questions a few moments ago, one as to whether those men were civil servants and the other as to whether they had superannuation. I think Mr. Matte said yes, which would probably apply to both, but I do not think they are civil servants.

Mr. MATTE: No, they are not civil servants under the Civil Service Act but they do qualify for superannuation in that regard. That is all. They are full-time employees, and as full-time employees they are qualified for superannuation; but they are not, strictly speaking, employees under the Civil Service Act. They are full-time employees but they are not subject to the Civil Service Act.

Mr. POMMER: Well then how do they qualify for superannuation?

Mr. MATTE: Well, the act was amended within the last two or three years covering all employees of the government, even part-time, and the prevailing-rate employees as well as others. The prevailing-rate employees do not come under the Civil Service Act.

Mr. POMMER: Is there any reason why these do not come under the Civil Service Act?—

Mr. MATTE: Well the act—the Prairie Farm Assistance Act—

The CHAIRMAN: The minister will answer that question, I think, as it is a question of policy.

Right Hon. Mr. GARDINER: The reason they were not put under the act to begin with, was that the act was not originally drawn with the knowledge that it was to be permanent and, as a matter of fact, it is not as yet known whether it is to be permanent. It was not therefore thought wise to put a group of persons under the Civil Service Act at a time when it was not certain that this was something which was to be continued. If the act discontinued at some time then we would probably have had to find employment for them elsewhere.

Mr. NICHOLSON: Would the minister consider making provision for these people to be brought under the Civil Service Act, now that we are having this change in the act? It would look as though it might be more or less a permanent thing.

Right Hon. Mr. GARDINER: Well I do not know whether it will be permanent or not but this is something which would have to be discussed.

Mr. POMMER: Are these superintendents then classed as full-time employees of the government?

Right Hon. Mr. GARDINER: Yes. I think quite a considerable number of them have been from the beginning.

Mr. POMMER: That is the superintendents?

Right Hon. Mr. GARDINER: Yes.

Mr. POMMER: But the inspectors are not so classed?

Right Hon. Mr. GARDINER: No, the inspectors are not so classed.

Mr. POMMER: They are part-time?

Right Hon. Mr. GARDINER: They are what you might call part time employees of the government. They are called in the same way as hail insurance inspectors, for example; that is to say, there is a group of men here and there over the country and they are called in when there is hail, in order to go out and adjust losses. They are just a group of men who through long experience, in checking losses become efficient and are called up for short periods following drought or rust. The gréatest number, of course, was required in 1954 when there were the highest payments made but they vary from time to time, from very many to very few, depending on whether there is a crop failure.

Mr. HARKNESS: I presume the chief significance of this matter is that the permanent employees are not appointed by the Civil Service Commission; they are appointed by the minister or the department.

Right Hon. Mr. GARDINER: That is the chief difference but we have to refer the appointments to the Civil Service Commission, through the treasury board. That is to say, when we ask to have persons put on, they are all checked by the Civil Service Commission, with regard to salary and all that kind of thing.

Mr. HARKNESS: But the payments are made by you; they are not made by the Civil Service Commission.

Mr. POMMER: This is not applicable to part-time inspectors?

Right Hon. Mr. GARDINER: No. They are just called on in the same way as companies call hail inspectors or the highways department would call men to maintain a road.

Mr. PURDY: If the people growing cultivated grass are subject to payments out, do they pay assessments on their crown land?

Right Hon. Mr. GARDINER: There is no assessment. We simply say to anyone who takes grain to market, pay a levy of 1 per cent.

Mr. PURDY: Could a farmer grow a lot of grass and pay no assessment and still be eligible under the act.

Right Hon. Mr. GARDINER: Yes.

Mr. BRYCE: Mr. Chairman, I should like, with your permission, to refer to a question which the minister answered for me this morning, when I asked him about the Indians being under the scheme of the Prairie Farm Assistance Act. The minister has told me that they are not under this scheme.

Right Hon. Mr. GARDINER: Well, I think what I told you was that they are not in the scheme and they do not pay a levy. The question you asked me the other day in the house was as to whether or not they paid a levy and I said yes. Well now, on checking I find the regulations provide that if an Indian farms on a reserve and delivers grain to an elevator, he is not supposed to pay a levy.

Mr. BRYCE: I might tell the minister that there is no grain sold in Manitoba where a levy is not collected.

Right Hon. Mr. GARDINER: Well, if they do pay a levy they may apply for a refund and they will get it in every case. If an Indian from a reserve should deliver grain to an elevator operator, when the load of grain comes in the elevator operator may not know whether that grain came off a reserve

or not. For example, I employ Indians on my own farm. Now, when they take a load of grain to the elevator the operator would not know where it was brought from, so he may charge them, but a refund may be had simply by applying for it and proving the grain came from a reserve.

Mr. BRYCE: That clears that point. There is no difficulty about that, but in regard to the fellow who is living on crown land, where he is charged when he comes to the elevator, he gets no benefit under the Prairie Farm Assistance Act, because the law says he cannot. That solves that problem, however, if you have the machinery set up for the Indian to get a refund, although the man on crown land should be able to come and get a refund also.

Right Hon. Mr. GARDINER: Well the answer to that is that you would have to dispense with the act altogether because everyone who pays taxes is involved. More than half of the amount which is paid out is contributed by all taxpayers many of whom are not entitled to any payments at all and do not get any; and of course, the person who never has a crop failure does not get any benefit either. But we do not say to the man who never has a crop failure, "You do not pay anything."

Mr. BRYCE: But Mr. Minister, he is in a different position from the rest because here is a man against whom you legislate—a man who got on to crown land after January 1, 1940. You stipulate in your act that he shall never be able to get any benefit from the Prairie Farm Assistance Act. On the other hand you think the other fellows should qualify and they will get benefit from it.

Right Hon. Mr. GARDINER: You are speaking about land in the north?

Mr. BRYCE: No, not in the north. Mr. Matte or someone else drew a line across, and while it is not a line straight across, there is a line. We have got land on the south of that line, where people have been paying in for years, and your law says that man cannot get it. I am asking now that you make legislation so that he can go to the elevator and get a refund.

Right Hon. Mr. GARDINER: Well I think you are going a little further north than I am, that is all. There is a line across the north which says that no one north of that line is eliminated on account of elimination sections in the legislation. However, when you get south of that line the elimination provision applies on the northern section of that area and, when you are south of that line, there are people who would be on crown lands, put there after January 1, 1940, and who take their grain in and pay the levy same way as any other person does. However, they are not allowed to draw benefits, the reason given at the time we amended the act, which was only a few years ago, was that these persons were put on that land by the province, after this act was put on the statute books; and this act was not on the statute books to make it possible for persons settled before 1940 remain on their land. The argument was that the provincial government should have made conditions after 1940 when they put them on this land such that they would not need the benefits of this act, while remaining on the land. That is the argument. Now perhaps that part of the act needs reconsideration.

Mr. BRYCE: Well, Mr. Minister, I have taken this matter up with the Premier of Manitoba and his Minister of Agriculture and, while you have a wonderful memory about all these things that were said, their memories are just a blank as far as this is concerned. They do not remember a thing about it.

Right Hon. Mr. GARDINER: Well, they were here in this committee—when it was done.

Mr. BRYCE: The line that we are talking about is not drawn very far north; it is drawn right across from Fisher Branch and you will have a lot of people

on one side of the street there, who are on crown land and who get help from the Prairie Farm Assistance Act. Then you have a man on the south of the road who cannot get it because he is on crown land, but he pays in just the same. As I said before, I am not going to labour this point but it is something that should be straightened out with the Prairie Farm Assistance Act. But when you say "Well, we had better do away with it", I would never be in favour of voting that the Prairie Farm Assistance Act be done away with. I think it is something worth while and it is something that we can improve. You have a lot of brains in your department who could arrange for this. I have asked Mr. Garson about this matter—whether it is legal to collect for something when you have said in the law that you are never going to give it to them.

By Mr. Quelch:

Q. Mr. Chairman, I should like to ask one question, if I may, regarding the date by which application has to be made for payments under the Prairie Farm Assistance Act. There has been a lot of trouble regarding that in special areas of Alberta. I believe you said it has to be in by September 15, that that is the final date by which application must be sent in in order to get payment made under the act.—A. September 15 is the final date.

Q. That is the point that I should like to have changed because it is impossible today for any municipality to make a clear-cut statement as to what land will be, in their opinion, and what will not. Harvesting is not completed very often until October or even November, especially in particular areas. You will very often get a fairly heavy standard of straw which threshes out to practically nothing.—A. Well to enlarge on the subject, the final date which we set for an estimate of the yield for the municipality is from the 10th of September. If they make an estimate of any kind prior to that time, we will of course have to amend it later on if their later experience proves that their first estimate was too high. We are quite willing to accept amended applications from the municipality.

Q. Up to what date?—A. We have not set any limit upon it. We have taken them even six months later.

Q. Well that has been changed, has it not, because I believe some years ago you were kind of sticky on that point, with the result that in special areas of Alberta, in order to protect their land, they practically sent in a blanket application. This was because in so many cases they found the land had a yield of maybe less than three, when they had thought it was going over eight. Therefore, in order to protect themselves, they started putting in blanket applications, which of course meant a lot of extra work for the department and was not a very desirable situation. You say that is now straightened out so that one could make an application at any time so long as they are amended later.—A. Yes.

Mr. THATCHER: The old act had two categories—zero to four and five to eight. The farmer got to know these categories and they were pretty used to them. Now, under this act you are changing the categories to three. I am wondering if you are not asking for trouble as far as this is concerned. I would ask you to explain, if you would, why you have changed from the old category, which the farmers knew, to three, which might be confusing.

Right Hon. Mr. GARDINER: Well, there is only one reason why we have changed. We came to the conclusion that he should be paid more money and he should be paid the highest amount in the category where he has nothing to sell; we thought that when he had four bushels an acre he would probably have a bushel, at least, to sell for each acre and therefore would get some return. But from three bushels to the acre by the time he cleaned two bushels per acre out for seed, he would have nothing to sell. He might have a little feed, but

nothing to sell. We thought it should be three bushels and we also felt that the amount on the crop failure area ought to be increased. Therefore we made it three bushels so that there would be no question about it being a crop failure area and we also increased the amount up to \$4.

Mr. THATCHER: I should like to ask a question—

The CHAIRMAN: I believe Mr. Pommer has something else to say—

Mr. POMMER: On the question asked by Mr. Quelch, with regard to the length of time in which these applications may be made, I would like to ask a question about it. Do you think it is a good idea to extend it for a six-month period? I have a case in mind in one of my municipalities in 1955. They were making their inspections as late as July. After inspection they were eligible, but through some agitation they were instigated to make this application. I suppose the municipality had already made a blanket application in the fall. I think it meant a great deal of unnecessary expense to go ahead as far as June or July and attempt to make an inspection at a time when it was a most difficult problem to ascertain how much had been fed off that grain, or how much of it had disappeared in other ways.

By Mr. Quelch:

Q. On that point, was not part of the problem due to the fact that for some years a lot of grain was left outdoors all winter and could not be harvested until spring and no one could prove if that grain would ever be harvested.—A. I think Mr. Pommer refers to the areas where the crop was badly rusted in 1954.

By Mr. Pommer:

Q. That is right.—A. And in many cases the farmers themselves felt they had considerably more grain than they actually did have when it came to delivering it to the elevators. Most of the requests we had were made on the basis that the crop had not weighed out as well as the farmers and our inspectors thought it would at the time the inspection was made, so we felt under these circumstances that it was only fair to proceed with an inspection.

Mr. THATCHER: I have another question. The main criticism I hear concerning the P.F.A.A. in my constituency comes from farmers who have another occupation at the same time. I wonder how much it would cost the treasury to pay it to these few people and be done with it, rather than to listen to all the hard feelings and abuse which they pass out.

Right Hon. Mr. GARDINER: I am not able to tell you at the moment how much it would cost. But no matter how little it would cost the principle underlying the act would not permit of its being paid. I think the moment we tried to put that idea through the house and explain everything in it, we would have some difficulty in getting the legislation passed. That has always been my opinion and I think the opinion of others as well.

Mr. THATCHER: If that is the case, could the minister say why it would not be proper to exempt them from paying in their premiums? There seems to be a good deal of hard feeling because of that.

Right Hon. Mr. GARDINER: Our answer is that the levy is not a premium. Some people did argue that when you put on a levy, it was a premium. But we made it clear all the way through that there was no element of insurance in it. Some people argue that to charge anything creates an element of insurance. We said that if you look at it that way, all right, but we did not consider it a premium at all. That is, a man is not paying for something that he is entitled to get. We are paying assistance because people have been dried out and are not able to stay on their land until they get another crop.

A merchant does not depend on the land, neither does a station agent, or an elevator operator. They have salaires which keep them where they are until the next crop. But we say when a farmer is there and gets no crop—for example, from three bushels down—it would be impossible for him to remain there until his next crop unless somebody does something for him. And we do something to assist in this act.

When you get into other categories, the argument is not quite so strong as it is in the case of crop failure. Nevertheless it is there.

I know the opinion is in the minds of some that we allow some to go away from the farm from the 1st November, just as long as they come back by the 1st May the next year, and why do that if we will not pay others who do not put in full time on the farm. But such a person does not get a payment for while he is away. For example, if he goes away to a lumber camp in the winter in order to make some money, he is only paid when he comes back. If he did not come back he would not be paid.

MR. DINSDALE: The minister has almost answered one of the questions I was about to ask with the statement he has just made. We have that problem and I am running into it particularly around the Virden oil fields. He is just the type of problem the minister has mentioned. A farmer has had to leave his farm because of crop failure and to seek temporary employment wherever it was available. To a large extent it has been available in the Virden oil field area. And I have discovered from actual experience that the formula laid down by the minister does not seem to apply in every case. I have some farmers who have to supplement their income temporarily but who have not been eligible for payment because they were off their farms during that temporary period. Is this a new regulation?

Right Hon. Mr. GARDINER: No. It has been there since the beginning. But I shall ask Mr. Bird to reply to your suggestion that they do not all get it.

The WITNESS: The act and regulations state that an applicant's primary occupation shall be the operation of his farm. And in administering the act and deciding whether a man shall receive payment or not we try to determine what his primary occupation is. If he is a full time salaried man from an elevator company or some other employer, we decide that he is definitely ineligible for assistance. But when a man goes away for some period through the growing season from the 1st of May through the crop season to the 1st of November to take some temporary work, we do not disqualify him. If he feels of course that he is not being treated fairly, then he can refer his case to the board of appeal.

By Mr. Dinsdale:

Q. On that point I do not want to deal with any specific cases before the committee, but I shall exercise my privilege of presenting one or two cases before the appeal board. I have investigated these cases fairly closely and it seems to me that there has been a rather rigid interpretation of this particular part of the act.

We suffered a rather devastating hail storm in southern Manitoba last summer and as a result I think some of the farmers up in the Dew line worked for the hydro plant at Brandon and all over the place. Surely they suffered financially from the consequences of that hail storm. It has become a very important problem and I am glad to have that interpretation given at this time.

I have one more question: is there any restriction in the frequency of payments on any particular area?—A. Well, the only restriction under the act is that the land, in order to be eligible, must be seeded or summer fallowed in at least three out of the last five years. That is the only restriction there is.

Mr. JOHNSON (*Kindersley*): Mr. Chairman, I would like to ask Mr. Matte to give us some information on the administration costs of the P.F.A.A. for the last five years and for each of those years. I would like to have this information because I feel that as we break it down into more categories there is a lot of reflection of it in the administrative costs. Could Mr. Matte give us that information now?

The CHAIRMAN: Would you like to work on it?

Mr. MATTE: Mr. Chairman, starting in 1950 for the crop year 1950-51—do you want the actual figures or a percentage of the administrative costs?

Mr. JOHNSON (*Kindersley*): Both, if you please.

Mr. MATTE: For the year 1950-51 administration cost was \$403,836.27, or 3.9 per cent of the total payments made. For the crop year 1951-52 administration cost was \$290,041.90, and the ratio was 6.2 per cent. For 1952-53 the administration cost was \$295,704.26, and the ratio was 18.8 per cent, because the program was very small that year. For 1953-54 the cost of administration was \$304,507.83, and the ratio was 10.9 per cent.

Then we come to 1954-55 when the administration costs jumped to \$774,062.04, and the ratio there was 2.3 per cent.

Incidentally I might say that since the program was started in 1939 the ratio of cost of administration over that whole period remained at an average of 3.2 per cent.

Mr. POMMER: What was the total amount?

Mr. MATTE: The total administration from 1939 to the present was \$5,940,510.56, with a ratio of 3.2 per cent.

Mr. JOHNSON (*Kindersley*): Is this to be accounted for in part because of the permanent staff which you have at a fixed figure, and, I presume, the variations which would come about through the payment of field inspectors on a daily rate basis?

Mr. MATTE: This includes everything, permanent staff as well as temporary field staff.

Mr. JOHNSON (*Kindersley*): The variation would be that you have 57 of a permanent staff?

Mr. MATTE: That is right.

Mr. JOHNSON (*Kindersley*): And that would account for the high percentage in 1953. I am interested in the number of field inspectors that you had for the same period. I would appreciate it if you would supply that information for the same period.

Mr. MATTE: You mean for the part time field inspectors?

Mr. JOHNSON (*Kindersley*): Yes.

Mr. MATTE: I am sorry but I have not got that information with me. I think it would require considerable research.

Mr. JOHNSON (*Kindersley*): Surely you must know the number appointed in each year because you are the ones who make the appointments. Surely you must know who you appoint.

Mr. MATTE: I think it would take some research but we could get it for you.

Mr. JOHNSON (*Kindersley*): Please do so. I would greatly appreciate it.

Right Hon. Mr. GARDINER: I might say that I am not too sure that it would take much research, I think you have had nearly all of them through returns brought down in the house.

By Mr. Johnson (Kindersley):

Q. That being the case I hope you will take the responsibility of supplying it to the committee on an individual basis. I can appreciate the difficulty with field inspectors in going through a community and determining the various areas and the basis of the requests of each municipality, on what basis they make their assessments, and what the yield of the farmer in fact is.—A. The inspector when calling on a farmer takes a statement from him as to the actual amount of grain that he has already sold or harvested in that year. He makes an inspection by measurement in most cases of the actual grain on the farm and he arrives, with the farmer, at a mutual agreement as to the actual amount of grain which is there.

Q. It would be greatly complicated by the fact that the farmer may have a considerable reserve of grain from the previous year which he was unable to market, what the market had been, what the actual yield was and what acreage he had in a particular set up because as we all know the measurements of growers are not too accurate. They vary considerably for the grades and the quality of the grades. I wonder if we have a circumstance here which should be taken from the so-called qualifications under the operations of your field men, to determine what the actual yield of that farmer was?—A. The first question which we ask a farmer and which we go into with him is the amount of grain he has on his farm carried over from previous years. We determine that first. Then our inspectors take a statement of what he has already sold or what he may have fed. In that case the farmer does have the information from his permit book but he may have to make an estimate of what he fed. It is a matter between the inspector and the farmer to make as close an estimate as they can.

Q. It was mentioned here that the permanent staff and the field men are not appointed by the civil service. I was wondering if the same civil service regulations apply to those who work under the P.F.A.A. as would apply to civil servants.

Right Hon. Mr. GARDINER: The appointment of them in the first place is made on my recommendation. Of course the recommendations come in and I cannot say I know more than a small percentage of them. They come in and as Mr. Matte has stated many of them are men who are there because of their municipal experience and because of other reasons of that kind. The point that you are trying to make, I think, is explained in one way by this, that the chief work of the superintendents who covered the districts, who are employed permanently—and some of them have been employed right from the beginning—is to keep in touch with the area all the time when the crops are growing by driving around in the area and visiting the municipal councils and by keeping in touch with the crop conditions. In the very early stages of this act it had been intended that would be the only check made. These men were to have been driving around continuously and they would not take the farmer's word that it had been dry in that area. We were trying to determine whether or not it had been dry enough in that area to indicate that the farmer should be helped. It was thought that the men would drive through the area, call on municipal councils and have the matter decided very early. The date September 15, I think, was set. That did not work out. They had to go around and check grain deliveries afterwards.

As a matter of fact I went and sat in at meetings in the first year or two in areas where they were attempting to prove they had a much lower yield than was indicated by the inspectors. After hearing what they had to say we thought that there had to be a check made after the crop was threshed. That is the point Mr. Bird is speaking about. -

Mr. JOHNSON (*Kindersley*): Then you do not have sufficient faith in the municipal authorities to take their word for it.

Right Hon. Mr. GARDINER: When you are paying out public money you do not take anybody's word. You prove that it is right.

Mr. JOHNSON (*Kindersley*): It has been mentioned that these P.F.A.A. officials drive through the area. I have seen them at times of the year when the crop has been harvested, and the trip happens to coincide with some political function which the members of this government happen to be holding in the constituency.

Mr. THATCHER: You are getting that mixed up with the power corporation of the provincial government.

Mr. JOHNSON (*Kindersley*): I am trying to find out what action the minister would take if it was proven that a member of his administrative staff had taken a direct path in political activity by virtue of his position as a member of the civil service.

Right Hon. Mr. GARDINER: In the province of Saskatchewan it might be somewhat different from elsewhere. In the province of Saskatchewan they have a law which was put in the statute books recently to the effect that any civil servant can take part in politics.

Mr. JOHNSON (*Kindersley*): A provincial civil servant.

Right Hon. Mr. GARDINER: Yes. But why should it be one thing for one and something else for another. I am not saying that it is done. I am simply telling you that in Saskatchewan every civil servant employed by the government of Saskatchewan has a right to be at any political meeting. He also has the right to run and still be a civil servant. That does not apply to many provinces and there might be actions taken by some other people on account of the legal situation in Saskatchewan.

Mr. JOHNSON (*Kindersley*): The minister has carefully evaded answering my question. I was not talking about Saskatchewan civil servants. I was talking about what action the minister would take if it were proven that a federal civil servant was detected taking part in political activities. What action would the minister take?

Right Hon. Mr. GARDINER: If a man employed by P.F.A.A. does anything at all, whether it is what my hon. friend is talking about or not, which he should not do in relation to the work for which he is appointed and paid he would likely be dismissed.

Mr. JOHNSON (*Kindersley*): I would call the minister's attention to a distinct case where Mr. Donald Laing was on the platform of a Liberal meeting in Kindersley as the defeated Liberal candidate and a past director of P.F.A.A. in that district. Would the minister pursue that?

Right Hon. Mr. GARDINER: Mr. Donald Laing has not been employed by P.F.A.A.

Mr. MANG: I wish to refer back to Mr. Thatcher's point with respect to people who have rented and are employed perhaps at an elevator or employed in various other categories. I wonder if after inspections have been made if it would be possible for these people to apply for a refund and we would thereby get away from a lot of the irritation. What these people say is, all right we

are paying in but we can never get any benefit out of it. If they could have the privilege of asking for a refund of the 1 per cent I think they would be happy. Could consideration be given to such a point? I do not know that it would amount to too much, but it would take care of a lot of these irritations which we constantly meet.

Mr. MATTE: Are you referring to a refund of the 1 per cent levy?

Mr. MANG: Yes.

Mr. MATTE: As I understand it this is a tax on everybody selling grain through the elevator. Whether or not they come under the act they are still subject to that tax. I might say there are thousands, possibly tens of thousands, of people right across western Canada in towns and villages, people who are store keepers, implement dealers and others who do farming on the side and rent the farms on a share basis. They are all subject to that 1 per cent levy. It would be quite a job to separate the straw from the chaff when it came to make these refunds. I do not know, as this is not my work, but it would then become a problem if you only charged the levy to the man who could qualify for assistance under the act. This is called a levy, a tax.

Mr. MANG: It is a point which I meet frequently.

Mr. MATTE: I think it would be difficult to separate them. There are tens of thousands of people through the west doing farming on a share basis. How would you separate the two? It would take tremendous machinery to do that.

Right Hon. Mr. GARDINER: There is one other thing which I might mention on that. The fact is that most of this land is rented. A school teacher is not a farmer as a rule, but occasionally you will find a school teacher or a policeman who owns a farm. Most of that land is rented and the individual on the farm if he is a renter does qualify.

Mr. POMMER: There are a few cases in my experience where they operate their farms and when the area qualifies I think it is rather a hardship that they cannot qualify for payment due to the fact that for argument's sake the person happens to be a school teacher who operates a farm. I rather support Mr. Mang here who feels probably that there might be a refund made in those cases. If those people were in the unfortunate position of being hailed out or of having a crop failure they would not qualify although they were in a qualifying area.

Mr. THATCHER: Mr. Chairman, I want to go back to Mr. Johnson's question. I do not blame Mr. Johnson for asking it at all, but I rather think he is on weak ground in suggesting that some P.F.A.A. officials have been in politics. Certainly the C.C.F. party in Saskatchewan are past masters at that. I think perhaps I can speak with some authority on that subject. For instance, after the 1949 election five members of parliament who did business with the C.C.F. government, Mr. Bentley, Mr. Castleden, Mr. Burton, Mr. McKay, Mr. Probe, I do not know how many more, were down in the constituency of Assiniboia; there were also men from the Timber Board and we have no timber board that I know of in Assiniboia. I did not like the statement made by one of the M.L.A.'s in the legislature to the effect that the P.F.A.A. had a thousand men running around the country doing Liberal government work. Mr. Bird told us that the staff is fifty-seven. That certainly gives the lie to some of these ridiculous figures which are being spread around by C.C.F. speakers in Saskatchewan. They are on pretty weak ground when they are speaking on a subject like this. I may say more if I am forced to.

Mr. JOHNSON (Kindersley): Is it the intention of the committee to investigate political backgrounds? If so I would ask Mr. Bird to outline his background over the past five years. I think it would be quite in order in view of the statement made by Mr. Thatcher.

The CHAIRMAN: May we deal with the question before us. Mr. Purdy.

Mr. HARKNESS: If I may first, I would like to ask the minister if he does not think it would remove a lot of the type of conversation we have just had here and suspicions in respect to P.F.A.A. appointments if the whole matter of P.F.A.A. appointments were put under the civil service commission rather than remaining a matter of patronage as has been the case since the inception of the act.

Right Hon. Mr. GARDINER: In answer to that it would not make any difference to what you are suggesting. It might make a difference to fifty-seven of these men who are on the permanent staff. They must meet all the conditions with respect to service and everything of that kind which other civil servants have to meet if they remain there. It might be a comparatively easy thing to put those men under the civil service. I do not know if there would be any serious objection to it. However, in the top year, when the payments were the highest, which was 1954, I think the number of men put on to do the inspection work was approximately 600. Those are the men moving around the country constantly going in and visiting farm operations and talking to the farmer about his grain and so on. There would still be the same complaint about those 600. At other times there are only 100. There were two years when there were not any part time inspectors because there was no crop failure.

With respect to public meetings I see plenty of men of the political parties who attend my public meetings and I do not try to turn any away because I try to convert them. Because a man is attending a meeting of a Liberal candidate I would not object to him because he is working for the C.C.F. government in Saskatchewan, or this government or any other government. I would hope that they would attend.

An Hon. MEMBER: But, not sitting on the platform.

Right Hon. Mr. GARDINER: I would even have them sitting on the platform, if there was not enough room in the hall, and sometimes that is the case. But, in any case, I like to see them there, and I am sure the C.C.F. like to see our men at their meetings too, so they can have a chance to convert them.

Mr. JOHNSON (*Kindersley*): The minister apparently has the information with regard to the number of field inspectors. He just quoted the figure of 600 for one year, and so many for another year. I wonder why he refused to give that information when I asked him for it earlier?

Right Hon. Mr. GARDINER: I did not refuse to give that information. You were not asking me for information, to start with. I got up to correct it, and to say that you had already got it. You have every one of those 600 men on a list that was tabled as a return in the house.

Mr. JOHNSON (*Kindersley*): I asked for that information in respect of each year, and I wonder if the minister would give that information to this committee.

The CHAIRMAN: The witness did undertake to provide the information. He has not got it on hand.

Mr. HARKNESS: In view of the fact that the minister said that there was really no reason why the permanent employees, at least, of the Prairie Farmers Assistance Act should not be under the civil service, and it seems to me, that the act is going to be continued more or less indefinitely, I would suggest that it would add considerably to the general confidence in the Prairie Farmers Assistance Act, if these permanent employees were put in the same situation as other civil servants. It would remove, I think, a considerable amount of the suspicion, which does exist, in regard to these appointments, and the general idea, that in order to get an appointment you have to be a defeated liberal candidate, or something else along that line. Now, as far as my part of the

country is concerned, the thing is not a very pressing problem. I would say that the people laugh about it, and talk about it, and so forth, but they do not worry about it very much, because we do not get any payments under the Prairie Farmers Assistance Act.

Mr. ROBINSON (*Bruce*): Being an eastern farmer, I would like to get a little information. I do not think it will give you gentlemen very much trouble. The first question is: what is the total amount that has been paid to the farmers, since the act came in?—

The CHAIRMAN: The information is available right now.

Mr. ROBINSON (*Bruce*): I have two other questions also. What amount has been collected, in premiums, from the farmers, since the act came in?

The CHAIRMAN: You mean levy?

Mr. ROBINSON (*Bruce*): Yes, levy. The third question is: what has the administration cost since the act came in?

Mr. MATTE: The total payments, to January 18, 1957, are \$185,581,971.90. I have only got the figure in respect of the levies up to November 30, 1956.

Mr. ROBINSON (*Bruce*): That first amount was paid?

Mr. MATTE: That first amount was paid to January 18, 1957.

The total amount collected to November 30th, 1956, was \$96,626,902.58.

The administration costs, which is the figure I gave a little while ago, since the act was passed is \$5,940,510.56.

Mr. ROBINSON (*Bruce*): As a supplementary question there, I want to find out how much has come out of the consolidated fund to pay for the cost of this act since it came in.

I ask these questions while thinking along the lines that have been discussed here during the last few minutes—that politics enter into this. I think it is a bad thing to have it suggested that politics do enter into it. I would suggest that the minister consider these suggestions made by the member from Calgary, that these employees be taken into the said civil service, and not be left out on a limb, where there could be a political pork barrel, in regard to the poor farmers down in eastern Ontario paying for something out there.

Mr. SMITH (*Battle River-Camrose*): Mr. Chairman, I would like to ask Mr. Matte one question in clarification. Did I understand him to say, that assuming the farmer was hailed out sometime in July, it would be possible for that man to go out and take a temporary job, such as truck driver, or something, and still qualify, under the act, for payments?

Mr. MATTE: Yes.

By Mr. Smith (Battle River-Camrose):

Q. That is the practice right now.

Now, my second question has to do with the field administration. I take it, that all farmers are required to give a statutory declaration of some type, that the figures they gave to the inspectors are true?—A. They do not make a statutory declaration, they simply sign a statement.

Q. They sign a statement?—A. Yes.

Q. What penalties are imposed on the farmer, if his statement is not true? Supposing you find out, in the course of your investigation, that a farmer has given you false information. As a result of this false information he has deprived a certain area from qualifying under the Prairie Farmers Assistance Act. What penalties do you impose on that farmer?—A. The act provides penalties. The penalty is \$100 for anyone who gives false information.

Q. Do you enforce that at all?—A. I do not know of any case where that section of the act has been invoked.

By Mr. McCullough (Moose Mountain):

Q. Mr. Chairman, I should like first to ask a question. Could we have a breakdown of the 57 permanent staff, as to the work, or the classification of them?—A. I can give it to you, Mr. Matte, without reference.

Maybe I can answer that question without referring to the material here.

The breakdown of the staff is this: firstly, there is myself as director, head of the organization. There is a superintendent covering Saskatchewan and Manitoba, and a superintendent, who is in charge of the Alberta office, which also takes care of the Peace River district. There are three supervisors provided for in Manitoba, and eight field supervisors in Saskatchewan, and there are four provided for in Alberta. The balance of the staff is broken down into clerical and stenographic staff.

By Mr. Pommer:

Q. Who are the supervisors for Manitoba?—A. At the present time there are three provided for, but there are only two on the staff. We have Mr. Wilson of Pilot Mound, and Mr. Clark of Stonewall.

The CHAIRMAN: You have never had more than the two in Manitoba?

The WITNESS: The third was provided for in last year's estimates.

Mr. McCULLOUGH (*Moose Mountain*): Mr. Chairman, my understanding is that none of the personnel have at any time entered into a civil service examination—that is, the superintendents for Saskatchewan, Manitoba and Alberta, and so forth.

Right Hon. Mr. GARDINER: I would say that they have not, for the positions they occupy, but some of them may have been in the Civil Service before.

Mr. McCULLOUGH (*Moose Mountain*): Yes, I understand that, but not in respect to their particular offices and work in the Prairie Farmers Assistance Act.

I think it would be a good idea if civil service examinations were given for these people, so that they would come under the Civil Service Act, and then they would be more directly responsible to the House of Commons, and perhaps they themselves would have more safeguards against political—

Mr. THATCHER: Would you favour that for Saskatchewan?

Mr. McCULLOUGH (*Moose Mountain*): I would suggest, Mr. Chairman, that if we want a quorum in this committee, that you keep the honourable member for Moose Jaw - Lake Centre quiet. Because, if you want to discuss things that are completely irrelevant, such as the corporation officials of Saskatchewan, we are quite prepared to debate it here, and we can prolong this committee. I do not desire to do so. I am not making a personal attack on the personnel of the Prairie Farmers Assistance Act, but as far as we are concerned, we are quite free to debate this. However, the things that the member from Moose Jaw - Lake Centre is saying to this committee, and some of the things that he has already said, are completely without foundation, and he should not be allowed to continue, and those remarks should not be left on the record of this committee.

Now, I want to take up the issue, which the member for Selkirk has raised, in respect to the suggestion that there are farmers today, who are having to pay a levy, but who are not eligible for payments. I go along with the minister to some extent. This is a line which he has taken from time to time in the house. There are some people who say that this proposition of the Prairie Farm Assistance Act is not actuarially correct or sound on an insurance basis. I do not think anyone has argued that it is sound on an actuarial basis, but I do think that there is a good deal of foundation in the argument that where you have farmers who are levied for, then they should be, pursuant

to Canadian justice, eligible for that farm on which the grain is grown. Someone should be eligible for payment. I think it is rather an extended type of argument to say that the taxpayer in Montreal pay into the consolidated revenue and is thereby helping to pay the farmer, and for that reason we are going to disqualify certain people who are responsible for growing grain. Now I think that the member for Selkirk is quite correct when he says that people on crown lands who are deducted for this yield should be eligible, whether they are classified as being bona fide farmers on the land or someone who owns the land and is responsible for the production of it. As an example, we have retired people who still have their farms and who are dependent on a return of income from their farms. They have to get that farm into production and they may just have someone working it. I suggest, therefore, that wherever there is grain which is being deducted for this levy, then someone should be paid for that and I say that this is a sound argument. Now Mr. Robinson, although I think he has now left the committee, made a point in connection with estimating the payments made in the levies and the payments paid out, and he expressed the idea that the poor farmers in Ontario are paying for western farm assistance in this regard. Well, they are to the extent that they are paying into the consolidated revenue, but the western farmer also is paying into the consolidated revenue and paying for freight assistance to the eastern feeders and the eastern farmers.

Mr. CHARLTON: That helps them as much as it does us.

Mr. McCULLOUGH (*Moose Mountain*): Mr. Chairman, my contention is that we would be far better feeding our livestock in western Canada. But we are quite prepared to assist the farmer in eastern Canada in his livestock production and we are competing in that regard for about \$6 a hog as compared with Toronto prices versus Winnipeg prices, so, therefore, there is some basis of fairness. I do hope that we can get around this problem by trying to make it possible for more and more people who are now deducted this levy, to be eligible for payment. I might say that in my dealings with the Prairie Farm Assistance Act at Regina those dealings have been very good and, on those occasions when I had asked for specific applications, they have been fairly treated. I might say that whenever I have taken up a matter with the Prairie Farm Assistance Act officials at Regina I have received consideration. Nevertheless there are many people who, believing they have gone over their deadline, also believe they become ineligible and therefore they lose their participation in this scheme. I think that something should be done in that regard.

The CHAIRMAN: Mr. Montgomery, do you have a question?

Mr. MONTGOMERY: My question was a supplementary one, sir. I believe the amount of administration given was \$5,940,510. That should be added in addition, should it not, to the \$185,581,971 to make a total amount of the cost of the operation of this act, from the time of its inception.

The CHAIRMAN: Oh yes, yes.

Right Hon. Mr. GARDINER: Yes. On the question raised by the member for Moose Mountain, we have tried, right from the beginning, to make it possible for every piece of land outside these crown lands that were provided for later on, to have a payment. We have only said that there must be somebody operating that piece of land, who is entitled to the payment. Now, one of the difficulties which arose from the beginning, was that we say there is a maximum acreage on which payment can be made, and that maximum is 200 acres. Under that ruling the farmer who is farming 1,000 acres, or 1,280 acres would be more exact, or some large farm of that kind, only gets payment up to 200 acres although he pays in more than he can possibly get out—he is paying

in 1 per cent which is more money than he can possibly get out, from his 200 acres. This applies in many cases where the farmer is big enough. Now we started right from the beginning, by saying that he is not paying his 1 per cent for the purpose of getting a payment on all that acreage; he is really paying his 1 per cent to make it possible for people to live in the area, so it would be a community where he wants to live. In this way we hoped not to have everybody moving out of the drought area and causing trouble in that way. Now one thing we experienced right from the beginning is the fact that some people started dividing up their land in order to make two, three, or even four collections where there was only one intended to be possible, as the act was drafted. We said with regard to that finally, that when land was turned over to a son, as owner he was entitled to payment, or, if rented to him and there was written an agreement, he was entitled to payment according to the terms of the act. If that written agreement is there, the son will get paid and the father will get paid, thus providing for payment on more land than if the father alone had been entitled to payment. When it comes to persons who are in business and who may be living on a farm, a couple of miles outside of a village—where they reside on the land, sleeping on it at night—the businessman may often even go home for his lunch and other meals, he often thinks that the amount ought to be paid to him. Well, as Mr. Bird has already indicated, we try to determine which is the job that the man is really doing, and if he is dependent on the farm for his existence and only running, say, a little store with a post office attached to it somewhere, and is only there for certain hours, well, he is probably paid. If they depend on the other work as their main job, then they are not paid. We say, when they get too insistent, "Well, all you need to do is to rent that farm to someone and there will be payment made on it". We say, "If you get a man who is just hired and you pay him daily wages, it is a different thing, but if you rent it to him, he can draw a payment on it." We do not think that we should go so far as to make all the moves which make it possible for everybody to keep in the scheme when they can make the move to make it possible for themselves. Take the station agent, for example, and as a matter of fact, I had one such person come to me away back in 1939 when I was buying a ticket at the railway station who started right in at me then. He said, "I have got a farm, why do I not get paid?" Now he was a full-time station agent on the C.P.R. I said to him, "If you rent it to somebody, it would be paid, but you are getting pretty good wages here. If you want to rent it to someone and let him run it, get someone who wants to live in that community and farm it we will pay". I told him that was what he should do if he wanted the farm to draw because the land was paying a levy.

Now you can enlarge that in many directions—take for instance the old persons that were mentioned, who have gone off the land. Most of them have their land rented—they may have a son or they may have someone else on the land. At any rate, while we are paying to the person on the farm, they come back and say, "Well, we do not get anything, we need the money." We say "All right, you make an agreement with the man under which you are entitled to the money, and it will be made available to you. Get it in writing." We try to make it possible for those who are dependent upon the land to get the help provided by the Act.

Mr. McCULLOUGH (*Moose Mountain*): Just one supplementary question. I understood that Mr. Matte said that the Board of Review decisions were final, and then when Mr. Bird spoke, he indicated that the Board of Review, if I understood him correctly, reviewed municipal applications. I do not mean to indicate that there is some contradiction there, but just for the sake of clarification, I understood that the municipality sent in their applications, that these

are under review by the board which is rather than some other set-up of your own, say yourself and Mr. Bird as supervisor or director. Or are they examined by the Board of Review in the first instance. Then, perhaps, they are pending until some inspection is made. Mr. Matte, I believe, said that these applications are reviewed and the decisions of the board are final. Do I understand these are individual applications? As an example, once an area was classified as eligible and went into the Prairie Farm Assistance Act, is it examined by the Board of Review and then the individual applications within that area examined as to who will be eligible or otherwise, and then that is final?—A. When applications are received in the first instance they are not examined by the Board of Review. The Board of Review does not enter into the picture until we have completed the inspection and presented them with the detailed information as to acreage and yields and then the Board of Review sets out the eligible areas, but they do not decide on the eligibility so far as the individual is concerned. We then go ahead and pay the individual without reference to the board. That applies to any eligible individual within the area which they have established. The only time that the board enters into the individual case is when it is referred to them either by ourselves, the treasury branch, or the individual applicant.

Mr. SMITH (*Battle River-Camrose*): I should like to ask the minister if he would give the committee, or perhaps call upon the officials to give the committee, information with regard to the argument against reducing the size of the qualifying block for payment under the Prairie Farm Assistance Act.

Right Hon. Mr. GARDINER: Well, I think perhaps I had better make that answer myself since it is a matter of policy. We start off, of course, with the idea of keeping the costs of operating a system of this kind as low as possible. At the time we were starting there were at least 300 municipalities in western Canada, in Saskatchewan, in Alberta, and Manitoba, which everyone admitted had crop failures. As a matter of fact we were paying money from here into every one of them by shipping in feed, fodder and food and clothing and other things to the extent of \$186 million—almost exactly the amount which we have paid since 1939 under the Act, as these figures indicate, into that same area.

Mr. NICHOLSON: What period were you speaking of there, Mr. Gardiner?

Right Hon. Mr. GARDINER: Prior to 1939, when we brought the act in to deal with the situation which had existed; at that time there were over 300 municipalities on relief all at one time. Now a municipality is nine townships. Our country out there is different from that down here. It is blocked first into mile square sections and then 36 of those are put into a block to constitute a township, and then nine of those townships are in most of the municipalities in Saskatchewan and Alberta. In Manitoba they dealt with it in a little different form at the beginning and they are not quite so regular in form as they are in Saskatchewan; but when you multiply 300 by nine, that is 2700 townships and it was admitted at the time that they were all in need of payments and were getting them. So that when we set up the act, we said "Now, there is always going to be a considerable block in the area in a year of drought. The least costly way to operate the thing is to have them apply by townships to get in, and make application through the municipal council. The townships in each municipality would have the right to apply through their council and then their council would make application to our set-up in Regina.

A number of admitted townships will constitute a solid block. The Act was drawn to provide that these solid blocks be maintained. Then the next reason for what we did in making it a solid block with straight lines was the fact that not every one in these municipalities was being assisted to maintain them there. We simply said that we will take solid blocks in a township and become

responsible for them; and where there are smaller areas within a municipality—if they were within a municipality—we presumed the municipality would provide for them or if there were too many for the municipality the municipal council would appeal to the Provincial government. We suggested that we would set up an organization or add to our organization sufficient staff to take care of those areas provided funds were supplied by the municipality and province. For that reason we stuck very closely to townships. At the beginning we would not accept anything else but townships for payment under the Act.

We operated for a few years on that basis and the provinces did not do anything. I am not offering any criticism of them for not doing anything. There has been no relief paid in any of the three provinces involved either on the basis of the provinces or on the basis of the municipalities. We have had the feeling that if we took responsibility for these blocks we would make it much easier for the local bodies to bear their responsibility to care for those in need. Nothing was done in an organized way to care for those on the fringes.

When nothing was done by local bodies, representations were made by farm organizations in general—and they are here represented at this meeting and I think they will agree with what I shall say in a minute. Very strong representations were made not only by farm organizations but also by municipal organizations to make provision for taking in smaller areas than townships.

So we went so far as to say that where drought exists outside the solid block, there might be some plan just the same as for townships beginning with 18 sections of land; whether it is all within one township or not, provided there are 18 sections of land, in a rectangular block. We agreed to start from there and pay for an 18 section rectangular block as though it were a township.

When we had half a township provide for as though it were a complete township, we provided in the Act to add to any solid block six or more sections lying alongside of them in a township that does not qualify provided those six sections qualify; we will take them in just as if there were full townships. To offset that, the treasury insisted that if you are going to do that well for townships which have qualified, why not take out six or more sections too; that do not qualify in townships which have qualified. The objective of all that was to follow up the criticism made that we have kept them to a straight line and did not zig-zag it to follow drought or grasshoppers. We accepted those suggestions. They are covered in the act. For a time we insisted on these 6 sections being rectangular. Then the municipalities—the municipal associations of Saskatchewan—made a very strong representation to have them made contiguous districts and not rectangular. If there were six or more sections not eligible in eligible townships, you could take them out on the same basis.

Now, two years ago we went back to the rectangular blocks, and this year we have agreed again in view of strong representations to make it contiguous again. I said in the house—and I repeat it here—that we were charged with the administration from the beginning, or at least charged those who were administering it from the beginning; and so far as I, personally, am concerned I am not in favour of going back to that because I think it creates more of the troubles we have been talking about that it does to have it rectangular. But because there are so many of these criticisms made, we are going to try the contiguous blocks again, if this committee agrees. We desire to maintain the solid block and we do not want the expense of considering small areas or units which could after be right in the centre of a solid block. When the smaller areas are around the edge of a solid block

we are quite prepared to make the necessary adjustments to get this thing as equitable as we can make it. That is our objective and the only objective we have in following the present plan.

Mr. SMITH (*Battle River-Camrose*): May I take it that as far as the P.F.A.A. payments are concerned, they are attempting to take care of all disaster in the form of drought?

Right Hon. Mr. GARDINER: That is what started it.

Mr. SMITH (*Battle River-Camrose*): You won't recognize all disaster; your regulation is not set up to recognize disaster in the form of hailstorms.

Right Hon. Mr. GARDINER: No. The reason we had at the beginning was that farmers had been working for 50 years to get certain things done. One of the things they succeeded in getting done was to get hail insurance plans set up in all three western provinces. I have not followed carefully what happened in the case of the others but the principle that was applied in Saskatchewan—we are talking about it from 1913—still applies—the municipality can get in under municipal hail insurance where you are insured and the tax rates that you pay are for payments of \$4 an acre; and they have always been able to do that since back in 1913.

But in recent years the provincial government passed legislation for the hail commission which permits an individual pulling out. They do not have to take it. In the community in which I live we have hail insurance and I could, in any year, write in before a certain date and say that I did not wish to come under hail insurance and I would not come under it. I would not have to pay into it and I would not get anything out of it if it hailed.

When these acts were already in existence we were not concerned with hail insurance when drafting this Act. No one had found it possible to set up insurance against loss by drought. Drought is always widespread when it comes, but when a hailstorm comes it takes in a narrower strip. Anybody can insure himself against losses by hail, but some have not, and when they run into trouble, they have difficulty. If the hailstorm happens to go across a township which is ineligible under the Act, then there is a question about their being paid. If the hailstorm is wide enough to take in a whole township, there is no question about the payment; but that seldom happens, so that usually when one is paid for "hail", it is not hail alone but because of something else as well, generally speaking. There may be some people who got hailed out, but that does not mean that they were paid because they were hailed out. You can insure against hail, but if the individual does not want it, then he cannot complain very much about it if he does not get paid under this act.

Mr. POMMER: May I ask if any thought has been given to what additional costs there would be if we set up a smaller qualifying area? The reason I ask is that it has been pretty much the topic raised in my area that it would be more beneficial to Manitoba if we could set up smaller qualifying areas. As everyone here knows, Manitoba has paid in through the one per cent level a great deal more—some \$2 million more—than has been paid out, and naturally we feel we should have consideration, perhaps, by having smaller qualifying areas. In that way we might have more of our people come under hail disaster or drought payments if more of our producers qualified.

Right Hon. Mr. GARDINER: Well, it depends on how small an area you make it as to how much it would add to the cost.

Mr. POMMER: Let us say three sections?

Right Hon. Mr. GARDINER: We find in meeting the requests which are made that the only way it would satisfy most of the people who are asking for smaller areas would be to get it down to the individual, and that "ould

require having insurance; you would require to have premiums paid and you would have to collect them. We do not think it could operate in that way in a manner which would be too helpful.

I think the main thing about cost is best illustrated by 1956 when there were 154,000 farmers paid, and we have not had complaints from—I do not think there have been complaints received from 1,000. On the basis of that, if you want to get it down to smaller areas, probably 150,000 of them are inside solid blocks. That is, you can listen to what the municipal council says, and if you are absolutely convinced of it, you do not need to do anything more. But if you want to get down to individual cases, or even to three sections or to two sections, you would have to examine into basic things in order to determine whether the man should be paid or not. You would have to find out if he farms like his neighbours, or whether he is carrying on in a proper way in connection with his farming operations. One fellow would say that he produced only cattle and that he was operating all right, while another might say that he had no cattle and was not doing all right. You would have to go into all these details which would lead to any amount of situations requiring individual inspections and costs.

Someone suggested a few minutes ago—I think it was you, Mr. Pommer—that there was considerable expense in making out and checking all these details for claims that they had made on a crop lost the year before. They were turned down anyway and might have just as well been turned down in the first place. But they were turned down in the first place and the farmer made an appeal and an inspector has to go out and look at it and see whether they were right or wrong. As a matter of fact I have a case before me now where the appeal is with respect to 1955. I will send a man out to look at it, but I rather think it will be decided that the decision made two years ago was the right one. When you administer a matter of that kind you must listen to the complaints. If we got it down to a small area in every case you would have so many that it would increase the cost no doubt.

Mr. JOHNSON (*Kindersley*): I want to follow up a question raised by Mr. McCullough and to express my concern for a landlord under the P.F.A.A. I am thinking of a widow who has found it impossible to carry on her farming activities herself and therefore follows the practice of renting out the land to someone else. The payments are made to the tenant and the widow, or the landlord, receives very little benefit from it; in fact she receives no benefit from the P.F.A.A., yet she pays into it. I have an example which has been drawn to my attention of a Mrs. Acott from Sceptere whose husband because of hayfever has found it impossible to continue farming. They have rented the land out. In 1954 when that area received benefits under the P.F.A.A. they as landlords got nothing although they had expenses in the way of taxes and so on which were very high. I think that consideration should be given to allowing this type of person to get some benefit under the P.F.A.A. Did I understand the minister correctly when he said that all the landlord would have to do would be to make an agreement with the tenant to receive his third share of the P.F.A.A.

Right Hon. Mr. GARDINER: No. I can, however, understand how you got that opinion. I have been in the hope that someone would bring it up again so I would have an opportunity to say that the arrangement would have to be made as between the person who rented the land and the landlord. We have a provision in the act which says no one can place a claim against this money. That is in the act in order to protect them against tax collectors, implement dealers, store accounts and everything else. We say that this money has to be paid to the individual and the individual makes up his own mind what accounts he will pay with it. Having said that I must add that there are a great many cases which are right on our doorstep but there are also a lot of

instances of Americans who own land in all three provinces. I do not think that anyone would argue that because an American owned some land that he should receive payments if he lives in Chicago or somewhere else. There are probably many people in western Canada who still own land and have it rented. We say to them if you are going to get anything out of it we must put the money in the hand of the individual who is on the land and if you have an agreement with him go and collect it through the courts. Therefore I would say that the person whom you have in mind would have to go through that process.

Mr. JOHNSON (*Kindersley*): Section 8 says it is not assignable either in law or in equity. I have not had legal training and I question whether this would prevent an agreement being made between the landlord and the tenant to assign the share. It might be a condition of the rental.

Right Hon. Mr. GARDINER: They could not do that?

Mr. JOHNSON (*Kindersley*): They cannot make an agreement to assign it?

Right Hon. Mr. GARDINER: No. They can only make an agreement that he is entitled to a part of it as a landlord and he would have to collect that the same as any other rent.

Mr. JOHNSON (*Kindersley*): It would be very difficult for him to collect it I suppose by virtue of this section.

Right Hon. Mr. GARDINER: It might be.

Mr. JOHNSON (*Kindersley*): There is another point which is concerned with the amendments in the act. The fear which crossed through my mind when I saw the change in the act was that there might be a danger of farmers in Western Canada being hoodwinked by the apparent generosity of the government. I hope I am not right. It seems to me that with farming techniques the incidence of crop failure in the 0 to 3 bushel category, which will gain the maximum benefit, would be very small indeed. We have developed since this act was introduced modern cultivation techniques and control which are some of the strong factors in combatting drought. I wonder if we have a gift horse here in a way because the benefits in the other categories, the four and five bushel an acre, will have an increase of about 50 cents an acre. I would like some information from the officials as to the number of townships that have qualified with a yield of three bushels per acre or less for the last five years, four bushels and five bushels and so on up to eight. I hope there has been a substantial number in the 0 to 3 bushel category and that the farmers are in fact going to get some benefit from this. But if it appears that the majority of the payments have been made on the five or six bushel an acre category I would be very suspicious that this legislation is not all it could be. I wonder if we could have that information?

Mr. POMMER: It is nearly one o'clock. Could that answer be given at the next sitting.

The CHAIRMAN: They have the information here.

Mr. MATTE: I have it here for three years. In 1951 8.5 per cent of the townships were in the 0 to 3 bushel category. In 1954 18 per cent of the townships were in the 0 to 3 bushel category and in 1955 26 per cent. Do you want the figures for the other categories as well?

Mr. JOHNSON (*Kindersley*): Yes, please.

Mr. MATTE: In the 3 to 5 category in 1951 it was 12.5 per cent, in 1954 30 per cent, in 1955 23 per cent. In the 5 to 8 bushel category in 1951 it was 79 per cent, in 1954 52 per cent, and in 1955 51 per cent. I just have it for those three particular years.

The CHAIRMAN: We will adjourn to meet tomorrow at eleven o'clock.

The committee adjourned.



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HOUSE OF COMMONS

Fifth Session—Twenty-second Parliament

1957

STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: RENÉ N. JUTRAS, ESQ.

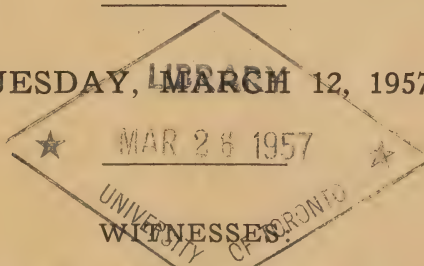
MINUTES OF PROCEEDINGS AND EVIDENCE

No. 2

BILL No. 157

An Act to amend the Prairie Farm Assistance Act

TUESDAY, ~~MARCH~~ 12, 1957



Mr. W. R. Bird, Director, PFAA, Regina Sask.; Mr. G. J. Matte, Associate Director of Rehabilitation, Dept. of Agriculture; Mr. James Patterson, Manitoba Chairman of Interprovincial Farm Union Council; Mr. Henry Young, Vice-president, Farmers Union of Alberta.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1957.

MINUTES OF PROCEEDINGS

House of Commons, Room 118.

TUESDAY, March 12th, 1957.

The Standing Committee on Agriculture and Colonization met at 11.00 a.m. this day. The Chairman, Mr. Rene Jutras, presided.

Members present: Messrs. Blackmore, Bryce, Cardiff, Charlton, Decore, Dinsdale, Harkness, Huffman, James, Johnson (*Kindersley*), Jones, Jutras, Kirk (*Antigonish-Guysborough*), Laflamme, Légaré, Lusby, MacKenzie, Mang, Massé, McBain, McCubbin, McCullough (*Moose Mountain*), Ménard, Michaud, Montgomery, Nicholson, Patterson, Pommer, Purdy, Quelch, Roberge, Robinson (*Bruce*), Schneider, Smith (*Battle River-Camrose*), Stanton, Studer, Thatcher, Weaver, White (*Waterloo South*), Weselak. (40).

In attendance: The Right Honourable James G. Gardiner, Minister of Agriculture; Mr. James Patterson, Manitoba Chairman of the Interprovincial Farm Union Council; Mr. Henry Young, Vice-President, Farmers Union of Alberta; Mr. Stanley Perka, Farmers Union of Alberta; Dr. E. C. Hope, Canadian Federation of Agriculture; Mr. G. J. Matte, Associate Director of Rehabilitation, Department of Agriculture, and Mr. W. R. Bird, Director, Prairie Farm Assistance Act, Regina, Saskatchewan.

The Committee resumed from Monday, March 11th, the study of Bill 157, An Act to amend the Prairie Farm Assistance Act.

Messrs. Bird and Matte supplied the Committee with answers to questions asked on the previous day and they were further questioned at length.

Mr. James Patterson and Mr. Henry Young were called. Their examinations having been completed, they were thanked for their attendance by the Chairman.

The Right Honourable Mr. Gardiner again addressed the Committee on specific points arising out of the presentation made by Messrs. Patterson and Young.

At 1.05 o'clock p.m. the Committee adjourned to meet again at 11.00 o'clock Thursday, March 14th.

Antoine Chassé,
Clerk of the Committee.

EVIDENCE

TUESDAY, March 12, 1957.

11.00 a.m.

The CHAIRMAN: Gentlemen, we have a quorum. Yesterday we were dealing with the remarks made by the two witnesses, Mr. Matte and Mr. Bird, and I understand there are a few questions left. After we dispose of these questions we will hear the Interprovincial Farm Union Council. They have a presentation to make this morning.

Mr. McCULLOUGH (*Moose Mountain*): I think yesterday the member for Kindersley was trying to get some information with respect to the payments made each year under the various categories. If it is possible to go back for say ten years, I would like the witness to put on record the various payments made to each of the provinces and for the various category fields.

Mr. W. R. Bird, Director, Prairie Farm Assistance, Department of Agriculture, Regina Saskatchewan, called.

The WITNESS: We have it for 5 years, Mr. McCullough. We had the annual report for the last 5 years and that information is included in the report.

By Mr. McCullough (*Moose Mountain*):

Q. Starting with 1951, is that right?—A. 1951, yes. I have 1951-52, 1952-53, 1953-54, 1954-55, and 1955-56.

Q. One other question; while you are giving this information, could you also give us the field inspectors you have hired as temporary employees for each of those years?

Mr. MATTE: Yes. This question on the number of seasonal inspectors during the last five years was asked yesterday. These inspectors, of course, are hired just during the inspection season, after harvesting, in the fall and for a very short period of time. The figures are as follows: 1952—228; 1953—283; 1954—710; 1955—457; 1956—298.

Mr. McCULLOUGH (*Moose Mountain*): You have not any figure for 1951?

Mr. MATTE: No. We have not those here, Mr. McCullough.

Mr. JOHNSON (*Kindersley*): Mr. Chairman, in that same connection I asked a question last day with regard to the percentage of administrative costs which were given from 1950. I wonder if we could go back to those figures, because I believe they have a direct bearing on the amendment being proposed to the act, for each year since the inception of the act. Records must be around somewhere to establish the efficiency of the department, and I should appreciate it if you could give me those figures since the inception of the act.

Mr. MATTE: Do you mean the actual costs of administration in each year or in ratio?

Mr. JOHNSON (*Kindersley*): In the same dimension as you gave them last day—you gave the actual costs and the percentage of these costs to the payments.

Mr. MATTE: It is rather a long list. I can read it for you if you would like.

Mr. JOHNSON (*Kindersley*): Yes, if you please.

Mr. MATTE: 1939 to 1940, that is to say, the programme for 1939 to 1940 administrative costs were \$266,595.62 or a ratio of 2.7 per cent. 1940 to 1941 \$346,764.89 or a ratio of 5.2 per cent. 1941 to 1942 administration costs were \$422,459.67 or a ratio of 2.7 per cent. 1942 to 1943, of course, there were no payments made out at all but the 1943 to 1944 costs were \$216,777.47 or a ratio of 2.9 per cent. 1944 to 1945, \$186,767.26 or a ratio of 3.1 per cent. 1945 to 1946, administration costs were \$327,418.54 or a ratio of 1.9 per cent. 1946 to 1947, costs were \$333,014.41 or a ratio of 3.1 per cent. 1947 to 1948 costs were \$450,104.35 or a ratio of 2.6 per cent; 1948 to 1949 \$402,419.35 or a ratio of 2.8 per cent; 1949 to 1950, \$436,939.52 or a ratio of 1.9 per cent. 1950 to 1951, \$403,836.27 or a ratio of 3.9 per cent.

Mr. JOHNSON (*Kindersley*): Those are the figures you gave us yesterday. Thank you.

Mr. MATTE: Yes.

Mr. POWER: You have not those figures broken down into provinces, have you, Mr. Matte?

Mr. MATTE: No, I am sorry. We have not broken down the administrative costs into provinces. The head office is at Regina and we have not broken the administration costs down by provinces.

Mr. JOHNSON (*Kindersley*): Could you give me any explanation as to why the administration costs in proportion to payments have increased so tremendously during the last five years. I notice from the information you have given us that in 1953 costs were up to 18.8 per cent. I find that a marked contrast from this 10 per cent period from 1940 to 1950 when they would average less than 3 per cent. Would you have any explanation for this very significant increase in that one year?

Mr. MATTE: Well in the first place administration costs depend a great deal on the kind of programme for that year. For the year 1954 we paid out something like \$33 million and then in addition to that in the early days of the act we went by the straight township alone and the rectangular blocks which required a great deal less inspection work. Now that we have amended the act whereby we take fractions of townships to bring them into eligibility, and we also have the irregular-shaped blocks, this entails a great deal more inspection work.

Mr. JOHNSON (*Kindersley*): There is just one other point that might be explained on the same question I asked yesterday. You mentioned that you have your permanent staff and your field inspectors and I asked you to supply me with the number of field inspectors in each of these years. I should appreciate if that information could be given as it would explain to a very large extent the figures you have given. Could you give me those figures for the same period of time?

Mr. MATTE: Well I gave them to you just a moment ago.

Mr. JOHNSON (*Kindersley*): No, I am referring to the number of field staff.

Mr. MATTE: For 1952 to 1956—those are the figures I gave you a moment ago: 1952-228, 1953-283, 1954-710, 1955-457, 1956-298.

Mr. JOHNSON (*Kindersley*): No, I mean back beyond that. Do you have those figures?

The WITNESS: We have not those figures with us. We have just the years you asked for.

Mr. JOHNSON (*Kindersley*): Oh I see, thank you.

Mr. NICHOLSON: Mr. Chairman, there was some mention made yesterday indicating that probably the minister has some of his political friends on

his staff out in the country. I think I should give the minister credit for having had a Social Credit candidate on his staff up in my own constituency.

Right Hon. Mr. GARDINER: Thank you for mentioning that.

Mr. NICHOLSON: I was going to inquire how you happened to select a Social Credit candidate and whether that fact interfered with his employment after he became a Social Credit candidate. I am referring to Robert S. Claypool of Mistatim. He was the mayor of the town at the time and a highly respected citizen and I was wondering if, after he became Social Credit candidate, he continued to work for the Prairie Farm Assistance Act and whether he has done any work since he accepted the nomination. Perhaps Mr. Gardiner or someone might give me some information on that?

Mr. POMMER: Mr. Chairman, is that relevant to the subject we are discussing?

Mr. MANG: You had better clean it up.

Right Hon. Mr. GARDINER: I have no objection to answering that question. He has been treated exactly the same as the candidate who was selected in the Mackenzie constituency as a Liberal candidate. Any work he was engaged in at the time he was chosen as candidate, he finished. Mr. Marshall did the same thing of course. There has been some question in the house about Mr. Marshall. He was selected as Liberal candidate after which he ceased to be called up by the office to do any work. He was not an employee of the government any more than Mr. Claypool was. He was just on a list to be called from time to time and I presume the chief reason he was put on that list was the one mentioned by the member of Mackenzie, namely that he was quite active in the community—he was mayor of his village or town and had been active in other ways and for that reason was put on. I should say this with regard to the men concerned; as I said yesterday, we follow the same practice as the hail insurance companies follow. I do not know whether that is fully understood here. We make a point of not picking up persons who need jobs, because this is not a job. A man may only be out for a week—he may be out for two weeks or he may be out for two months, but we are very careful in selecting these men not to take persons who had no jobs to which they could return. Now, of course, every farmer has a job to go back to—men who are councillors in municipal councils are usually farmers, and we pick up that type of man so that when he is through with his work he has no hesitation in going back to what he was doing, and carrying on from there. That is the type of man we pick. Now Mr. Claypool was treated the same as anyone else and I presume will be all the way through the picture.

Mr. NICHOLSON: Mr. Chairman, I have another question I should like to direct to Mr. Matte. Mr. Matte is familiar with my constituency—he was active some years ago in getting new settlers up into this bush country and I am sure he has received quite a few representations along the line that if three bushels are to be considered a crop failure down in the prairies then six bushels in the bush country leaves the farmer in an even worse position, probably, than three bushels down in Kindersley, and that consideration might be given to taking that into account along with the fact that the weeds grow much more rapidly up in the bush country and farming costs are a great deal higher. Has consideration been given to making an adjustment for these representations which are coming in from the municipalities up in the park land with a view to taking into account that crop failures there start with a higher yield than down in the plains? Perhaps the minister would like to deal with that point.

Right Hon. Mr. GARDINER: Yes. I am not sure whether Mr. Nicholson's question is directed to the manner in which the act is administered or whether

it is a matter of the policy that has been set up in connection with it. We have not taken such matters as that into consideration, for the reasons I gave yesterday. That is, we decided whether an area is dry or whether it has been rusted or whatever the difficulty is—whether there have been grasshoppers in it and so on—we have decided on that basis as to whether that whole area should come in. We do not go out and check up individuals on their farms as to how they are forming; if that area is in we pay everybody in it, and if the area is out we do not pay anyone in it. We assume that the farmer there is going to look after his weeds in order at least to produce the average of the district, and the policy is that we do not go out and check this. But, when it comes to a matter of inspecting the grain in the bin to find out how many bushels to the acre he got, if it is half weed seeds or there is a very strong percentage of weed seeds, that may have some effect on the yield.

Mr. NICHOLSON: Mr. Matte might have noted in the recent statistics that in the area he was especially interested in some years ago, the population has gone down from 50,000 to 45,000. There has been a drop of 10 per cent in that area which would indicate that crop failure forces people off the farm in those areas where their yield is probably higher than it would be down in the prairies. Representations have been made from a number of municipalities with a view to taking this factor into account and weighting it so that assistance might be made available in periods where operating costs are a good deal higher than they are in the prairies, where there is such a large migration. Mr. Matte includes the areas where people were going in from drought areas and starting to farm but they are now moving out at the rate of a 10 per cent drop in the last five years. I am sorry that I have no exact formula given by the municipalities which I can present to you, but representations have come to the minister from time to time with a view to having some adjustments made in this park area.

Mr. JOHNSON (*Kindersley*): According to the evidence which Mr. Matte gave us on the years 1950-51, are those fiscal years?

Mr. MATTE: The administration is on the basis of the fiscal year, yes.

Mr. JOHNSON (*Kindersley*): And a lot of the temporary payments which you listed were on the same basis for the fiscal year?

Mr. MATTE: That is right.

Mr. JOHNSON (*Kindersley*): That being the case, I would question the evidence when you pointed out that for the fiscal year 1953, ending on March 31, 1954, there were 710 inspectors, with administration costs being 10.9.

Mr. MATTE: That would be for the fiscal year ending 1954, that would be for the fiscal year ending March 31, 1955 with 710.

Mr. JOHNSON (*Kindersley*): Oh, ending in 1955?

Mr. MATTE: They were taken on in the fall of 1954.

Mr. JOHNSON (*Kindersley*): That clears up the point.

By Mr. Weselak:

Q. I wonder if you can tell us from your experience in recent years if more inspections have been asked for by municipalities in marginal cases where no payments are made, and if so what the result would be? Would the percentage of cost of administration in recent years in comparison with the total payments be increased as a result of those applications?—A. That is very true. In 1954 for instance a great majority of the townships which were inspected were paid because they had a wide general crop failure; but in a year like this, we have so far paid in about 600 townships, and if my memory serves me correctly, we had applications from about 1,500 to be inspected.

If it looks to our supervisors that the yields are not such that will warrant inspection, we do try to persuade the municipality to withdraw its application. But if the municipality insists on having an inspection made, then we go ahead. And then, too, in some years there will be a large number of townships which are just on the border line, let us say, with from 10 to 11 bushels per acre, and nobody—neither our officials nor the municipal officials—want to take a chance of the township being ineligible through not having applied for an inspection.

In some of those years inspection costs seem to be higher. This does not indicate there has not been a comparative amount of work done. It simply means that there were not as many townships which were eligible. The percentage of townships inspected and in pay would be much larger in some years than in others.

Q. Would it be correct to say that under the amendment you would be able to have more inspectors working?—A. That is right, it might be necessary.

Mr. McCULLOUGH (*Moose Mountain*): We are getting a fairly complete picture now of the administration and I wonder if one of the witnesses could give us the yearly amount paid out to the farmers? We have the administration cost and the percentage in relation to administration but I wonder if we could have the payments made out for each year.

THE CHAIRMAN: May we table that? It is a long list of large figures. Part of it was given yesterday.

By Mr. McCullough (Moose Mountain):

Q. I think only the table was given.—A. For the last five years I think.

THE CHAIRMAN: Would it be agreeable to have it printed in the record at this stage and include it right now?

Agreed.

STANDING COMMITTEE

PAYMENTS UNDER P.F.A. FROM 1939 to JAN. 18th, 1957

Program	MANITOBA			SASKATCHEWAN			ALBERTA			BRITISH COLUMBIA		
	No. of Awards	Total Payment	cts.	No. of Awards	Total Payment	cts.	No. of Awards	Total Payment	cts.	No. of Awards	Total Payment	cts.
1939.....	6,960	905,416.54		39,464	7,574,890.68		12,142	1,429,708.31				
1940.....	6,368	615,109.23		40,846	5,603,266.80		4,356	504,179.29				
1941.....	1,099	36,513.28		62,473	12,010,772.42		20,380	3,466,120.05				
1942.....	No Payments			No Payments			No Payments			No Payments		
1943.....	126	16,685.25		22,000	5,037,472.87		9,232	2,425,057.59				
1944.....	1,417	163,501.97		10,576	2,980,282.68		9,145	2,833,762.91				
1945.....	428	30,148.50		43,437	12,541,768.16		18,951	4,395,734.38				
1946.....	87	6,163.50		40,286	9,204,820.72		7,130	1,620,922.17				
1947.....	3,624	490,410.75		54,892	13,368,005.75		17,377	3,375,088.60				
1948.....	488	63,638.75		46,881	11,582,255.50		14,735	2,844,571.50				
1949.....	2,072	333,089.00		49,657	15,373,732.75		33,477	6,343,796.25				
1950.....	3,116	347,239.00		26,601	5,608,926.00		26,486	4,314,371.75				
1951.....	1,828	207,333.00		11,073	2,247,920.25		11,949	2,171,140.50				
1952.....	1,169	185,691.75		3,969	810,803.50		4,001	532,101.75				
1953.....	5,030	619,863.25		5,740	1,143,177.50		5,548	1,007,525.25				
1954.....	30,136	5,260,631.75		90,098	21,888,985.75		33,970	5,783,209.75				
1955.....	16,774	2,302,712.25		9,032	1,286,736.25		8,296	1,805,409.75				
1956.....	2,302	385,560.75		2,747	484,362.50		1,720	339,537.25				
.....	82,934	11,969,768.52		559,472	128,698,170.08		239,295	44,392,237.05				
.....										3,642	521,796.25	
.....												185,581,971.90
.....												885,343

Note: 1956 figures indicate 100% payments.

Mr. McCULLOUGH (*Moose Mountain*): I want to refer to the 1952-53 figures. I think Mr. Matte said that the cost of administration was one factor having to do with the ratio of administration cost to the amount paid out. I do not have the figures for what was paid out that year but I see that the percentage is 18.8, and in that year there were only 283 temporary employees. I wonder why there was a high percentage of administration costs in relation to administration and the amount paid out in that year.

Mr. MATTE: What year was that, please?

Mr. McCULLOUGH (*Moose Mountain*): 1952-53.

Mr. JOHNSON (*Kindersley*): Were we not given those figures yesterday, or was it just the total? I do not recall.

The CHAIRMAN: What do you want exactly, Mr. Johnson?

Mr. JOHNSON (*Kindersley*): I would like to have the amount paid out in each of those last five years, as far as I am concerned.

The CHAIRMAN: You want the total amount paid for each year?

Mr. JOHNSON (*Kindersley*): Yes.

The CHAIRMAN: Very well. I think it was given yesterday for six years.

Mr. POMMER: Those figures were given in *Hansard*.

The CHAIRMAN: We would like to have them included in the record as if they had been read.

SUMMARY 1% LEVY COLLECTED 1939 to NOV. 30th, 1956

Crop Year	Manitoba		Saskatchewan		Alberta		Unallocated		Total Levy	
	\$	cts.	\$	cts.	\$	cts.	\$	cts.	\$	cts.
1939-40.....	333,453.13		1,344,208.23		743,121.61		724.40		2,421,507.37	
1940-41.....	354,813.76		1,360,540.00		866,831.79		502.32		2,582,687.87	
1941-42.....	339,969.87		711,869.33		407,642.45		272.05		1,459,753.70	
1942-43.....	481,974.50		1,536,146.00		710,632.53		322.51		2,729,075.54	
1943-44.....	779,490.76		2,743,544.09		1,191,300.92		371.01		4,714,706.78	
1944-45.....	754,366.36		3,218,572.23		1,412,417.31		230.71		5,385,586.61	
1945-46.....	575,408.69		1,977,735.42		873,082.60		131.69		3,426,358.40	
1946-47.....	845,631.86		2,703,357.17		1,644,706.41		112.20		5,193,807.64	
1947-48.....	764,744.37		2,727,187.90		1,624,237.42		148.51		5,116,318.20	
1948-49.....	1,120,741.27		3,417,480.86		2,084,088.52		6,185.87		6,628,496.52	
1949-50.....	1,355,660.07		4,525,628.79		2,515,568.28		197.64		8,397,054.78	
1950-51.....	1,442,138.08		3,890,444.68		2,001,322.58		153.72		7,334,059.06	
1951-52.....	1,331,548.73		5,075,404.05		2,560,006.74		116.72		8,967,076.24	
1952-53.....	1,423,916.39		6,370,894.35		3,074,384.50		5,116.75		10,874,311.99	
1953-54.....	973,258.03		4,939,452.16		2,069,163.48		5,158.10		7,987,031.77	
1954-55.....	748,694.05		3,169,787.24		1,614,486.03		152.31		5,533,119.63	
1955-56.....	731,305.39		3,791,927.03		1,697,305.03		19,077.17		6,239,614.62	
1956-57.....	284,422.35		925,534.41		426,290.60		88.50		1,636,335.86	
	14,641,537.66		54,429,713.94		27,516,588.80		39,062.18		96,626,902.58	

Mr. MATTE: This statement shows the payments by years in each of the provinces and it also shows the levy collected in each of the provinces by years. So you have everything there.

Mr. POMMER: This is to be found in *Hansard* anyway.

Mr. MATTE: Yes. It is also to be found in *Hansard*.

The CHAIRMAN: It is readily available. Now, have we any more questions?

Mr. HARKNESS: I have one question. When the bill was up for discussion in the house I raised the matter of including Indians on reserves. The minister said that this matter had been under study and some consideration had been given to it. I wonder if he could tell us just what that study consisted of, and what, if any, changes are contemplated in that regard?

Right Hon. Mr. GARDINER: The reason for the enquiry was largely this: that the Indian branch of the government has asked to have the payments made on the reserves, and we have been examining into the advisability of doing it. If we did it, of course, it would make it necessary to go back and charge a levy which is something we do not do at the present time. I think that will be fully understood.

And in addition to that, there is the general decision which was made when we set up this act, which was to the effect that where the government is already assisting people, that this act should not apply. Some of the places where that decision is effective are irrigation areas, for example; and if the government has already been making payments in connection with irrigation to encourage irrigation, we do not think we should pay under this act.

The government was originally the federal government but now it is the provincial government which leases land to ranchers at a comparatively low rental—let us say 50 cents an acre or something of that kind—we do not assist in any case of that kind. And there are a number of others.

The Indians were dealt with on that basis. If they were on reserves, they were looked after by a department of the government, therefore payments were not made. The question as to whether we should continue that policy will be discussed, and not only the effect it would have on Indians, but whether we should continue to apply it elsewhere as well.

That question will be at issue when the matter is finally considered but up to now it has only been a matter of consideration as between the Indian department and my department.

Mr. HARKNESS: I take it that the policy is that payments are not to be made in regard to this matter until the question is finally settled?

Right Hon. Mr. GARDINER: We are quite busy at the present time with other things and we do not get around to some of these things so soon as may be desired, but just as soon as we can get the matter before the government in council, it will be decided one way or the other. I am not in a position to say which way because it has only been a matter of discussion between the two of us.

Mr. CHARLTON: I think this question should be directed to the minister because it has to do with policy. What are the regulations regarding continuous payment in the case of an individual, for example, who has made payments over a number of years under the P.F.A.A. How long would it be your policy to pay on an individual township or a group of townships which have been dried out over a number of years?

Hon. Mr. GARDINER: Under this act there is no provision for any particular number of years. Whenever they meet the conditions which are set up under the act, they are paid. Some of them have been paid for a majority of the years since the act was set up, while others have been paid very seldom. There was one year when there were no payments at all as was illustrated by the figures read. The year was 1942 and you will recall that was a year following a year when we made payments to people to get out of production of certain crops with the result that, I think, the farming was the best that had ever been done. People were paid to summer fallow lands with the result that the next year they grew the biggest crops of wheat they had ever grown. It was an indication that there is a way to farm which is really better than some other ways. Some people have fallowed it since with the result that we have 21 million acres under wheat now whereas we had 29 million acres at one time.

We did not deal with the situation you have in mind under this act further than to say this: that if a province declares a certain area to be submarginal, we do not pay under this act. That was the basis of the amendment which was

put in going back to 1940, when most of these submarginal lands were vacated. People found they were not suitable for grain growing. So they vacated those lands. And while no province has yet told us that any particular area should be left out because it is submarginal, we consider this land to be submarginal. So that was the reason behind our suggesting that they should not be brought back in under this act. However, quite a number of them have got back in as a result of the fact that we did not apply it to the returned man. Much of that land now is back under the management of returned men who are probably members of families living in that district. As you know, we have the other act P.F.R.A. under which we try to take people off those areas and turn them into pastures and move the people somewhere else.

I was going to say that with regard to Mr. Nicholson's question, but I did not get around to it. If I had, he would have said to me immediately that some of the land which he has in mind is land not within the P.F.R.A. area. But there are lands which we do try to get people to move off. We convert those lands into pastures and they no longer draw payments under this act.

The CHAIRMAN: May I suggest at this stage that we hear from the Inter-provincial Farm Union Council. Mr. Bird and Mr. Matte will be with us for several days and they will still be available. Mr. Dinsdale, after your question we shall then hear the witness from the Interprovincial Farm Union.

By Mr. Dinsdale:

Q. Thank you, Mr. Chairman. There is one problem which is perhaps a question Mr. Bird could answer. As he knows there are certain areas in Manitoba which very rarely receive any assistance from the Prairie Farm Assistance Act. From the years since 1939 they have been paying their levy without any complaints, and they have continued to do so. However I find when some disaster strikes and they receive a payment for the first time, that is when they begin to protest. It would seem that during the years when they have been paying their levy they have been under the impression that the P.F.A.A. had a much broader coverage than it turns out to have. It is not necessarily the amount of the compensation which they get, but rather the inequity of the situation. I know every time farmers in a disaster area in my constituency have been paid there has been a great outcry of protest. I am wondering if this could be avoided if there were an explanatory letter or explanatory information sent out with the initial payment. They seem to be completely unaware as to the terms of the Prairie Farm Assistance Act. They are under the impression that it is not disaster insurance but that it is crop insurance.—A. What we have done, sir, in connection with shall we say educating people as to the regulations and the act is to go out and, in cooperation with the municipal people, hold public meetings and where we are able to we answer the questions of the individual. Your suggestion could be followed out and we could set up a brief explanation of the act, but I believe the other system has worked out well. We have always been willing to go any place or to send a representative to discuss the matter with groups of farmers. I think that is the best way, but I would be glad to keep in mind your suggestion that we send out an outline of the act to the farmers when they are paid for the first time.

Q. It would help to allay a lot of the difficulties.

Mr. Chairman, there is one further point. The minister continued to emphasize yesterday that this was for drought relief. In my area—

The CHAIRMAN: I do not want to interrupt but the minister was referring to the early stages of the act, and that it was a drought which brought the act into being. However, he did state that there is no qualification attached to it now and it does not matter what is the cause.

By Mr. Dinsdale:

Q. Is there any information available which can be readily given which would indicate the frequency of payments for drought in an area and the frequency of the payment for some other cause? For instance, in the area where there has been a payment almost every year what is the reason for the payment? Is it because of drought conditions, soil conditions, hail, or rust or what?—A. Over the long period since the act has been in force I think you could say the large majority of the townships paid have been paid because of drought; but I do not have any statistics which break it down by townships through the years as to what the cause has been. The administration simply pays any area which the board of review passes for payment.

Q. There is a complaint I receive from my farmers to the effect that good farming areas are subsidizing poor farming areas. They look at the frequency payment maps and find that one area receives it every year and that their area receives it very infrequently if ever. What would be the answer to that accusation?—A. As a matter of fact that is the way it works out. Some areas are paid frequently and some are not paid depending on the degree of crop failure.

The CHAIRMAN: The P.F.A.A. is a relief measure and as such the mere fact that some people receive it more than others does not take anything away from those who get it. In the final analysis it is the treasury which pays it out as a means for relief. As one Manitoban to another, I do not think it is a question of great significance in Manitoba. We have been short on payment anyway over the years.

Mr. DINSDALE: I think to Manitoba farmers it is a point of considerable significance judging from the complaints.

Mr. MATTE: That information would be very difficult to set up. You may have a district which will have a drought, hail, and grasshoppers all in the same year in the same area, and there may be frost in the fall; there may be a combination of factors. In some other district there may only be drought. There are so many factors. I do not know how you would set up comprehensible statistics for that. They overlap. That is why I think the act was designed to cover crop failure for whatever the cause.

Mr. DINSDALE: It might be that we have a fundamental problem here. The act was designed to relieve drought conditions and the conditions for which it was designed have never existed.

By Mr. Weselak:

Q. Has any consideration been given by the department to preparing a statement as to how the amount has been arrived at.

The CHAIRMAN: I am sorry, Mr. Weselak. We did not hear the question.

By Mr. Weselak:

Q. I was asking if any consideration had been given by the department to preparing a statement as to how the final amount had been arrived at. My reason for asking this question is if it did not involve too much work it would certainly cut down a lot of correspondence with the department if the people understood how the final figure was reached.

By Mr. Pommer:

Q. Mr. Chairman, I have a supplementary question. I wonder if the description of the land on which the farmer was paid could be included in his payment. He may have various blocks of land for which he has made application and is only paid on one block. He is in doubt when he receives his cheque as to what land his payment refers.—A. You have reference to

the man who may have land in two or three townships. Where he has land only in one township it is not a problem. We have considered this. The suggestion has been made to us and we considered it. It would involve a considerable increase in the cost of administration at our office in Regina.

Mr. MATTE: Tremendous.

The WITNESS: It is a matter of preparing a statement for each individual. If we had to do that, as we did in 1954, for 150,000 people it would involve quite a bit of work and additional expense. We do send out to every municipal secretary a list of all the areas approved by the board of review after each board meeting. The individual farmer can, through discussing it with the municipal secretary, obtain that information.

Mr. JOHNSON (*Kindersley*): I have a question which may involve some research. It relates to the question I asked yesterday as to the number of townships which have qualified and the yields of those townships. I would like the officials to supply this committee with information covering the last ten years as to the number of townships and what percentage of them have qualified with a yield of each of the three, four, five, six, seven and eight bushels per acre. I think that information would be valuable to the committee.

Mr. MATTE: We have it now in the annual reports, covering the number of townships in the zero to four category and the four to eight category, but we do not have it broken down for the two and three bushels per acre categories. That would take a lot of research work. All the districts with a yield below four are shown in the annual statement and also those in the 4 to 8. We could give you that information for the others, but we would have to go through each individual township.

Mr. JOHNSON (*Kindersley*): Yesterday you gave me three selected years, 1951, 1954 and 1955 where the yield was 0 to 3 bushels per acre.

Mr. MATTE: Those were some figures which we used when trying to estimate the cost of this new programme under the legislation. That required a great deal of research work. If we went back for ten years our staff would be busy for a great length of time I assure you.

Mr. JOHNSON (*Kindersley*): I appreciate that, but I think it is important to point out the years which might not have as good a result as the ones which you have shown. I am wondering if 1950 might show a different figure than 1951 or 1956. I am hesitant to ask the officials to do a tremendous amount of research but could you give us what information you have available without extensive research to provide us, on this same subject, with the number of townships which have fallen into a certain category. I think it would be very valuable to the committee.

Right Hon. Mr. GARDINER: Mr. Chairman, I doubt very much if it would make any difference. These figures which have been put out were not put out because the committee was meeting. Those were the figures given to me when we were deciding how much we would pay. We naturally took the average years. We did not pick out any particular years which would be especially helpful to meet the desires of anyone. I simply asked the staff to get me the figures which would show the different categories on which payments had been made and how much had been paid in each category to give a picture to reveal the change brought about by what we intend doing under this legislation. It would not do very much good to have the figures on the categories back as they were before. The first category was from zero to five bushels per acre. Later on that was changed from zero up to four bushels per acre and now it is changed from zero to three bushels per acre. One is not a very good check on the other in so far as those categories are concerned.

The top category was from six to eight inclusive and now from three to eight has been divided into two. They would not be a very good check on one another.

Mr. JOHNSON (*Kindersley*): I believe 1954 was a rust year and also 1955. Neither was a drought year. The minister in the zero to three bushel category was referring to drought and I wanted to have the effect that drought would have on this category.

Right Hon. Mr. GARDINER: Now it applies to flooding as well.

The CHAIRMAN: I now call on the Interprovincial Farm Union. I want to introduce Mr. James Patterson, the Chairman of the Interprovincial Farm Union Council. I think I will leave it to him to introduce the other two members, Mr. Young, and Mr. Perka.

Mr. James Patterson, Chairman, Interprovincial Farm Union Council, called.

The WITNESS: Thank you, Mr. Chairman.

I have with me this morning Mr. Henry Young, who is the vice-president of the Farmer's Union of Alberta, and Mr. Stanley Perka, who is a director, I believe, of the Farmer's Union of Alberta. I am pleased to have them with us this morning, under the Interprovincial Farm Union Council.

Mr. Chairman, I might suggest this morning that at the time when we were getting ready for this delegation, we were not just too clear as to whether, at the time we got here, there might be other matters dealt with by this committee, and in preparing our brief, have gone beyond the Prairie Farm Assistance Act. We have made some general recommendations in the first part of our brief. However, I shall not belabour you with this material this morning, Mr. Chairman. We will leave it with you, for your reference and consideration, in the hope that it will be useful to you in dealing with the various items that will be coming before you for your consideration at a future date.

So, I will now deal with the recommendations on page 5—the specific recommendations, pertaining to the matter under consideration at the present time. Following that and in view of the time factor in regard to our interprovincial council covering our five provinces, Mr. Young has brought with him a sheet of recommendations, which are pretty much in line with my own, as chairman, and some of them which combine both the P.F.A.A. and the crop insurance.

With the indulgence of the committee, Mr. Chairman, I will let Mr. Young present that, following my reading of these recommendations beginning at page 5.

Prairie Farm Assistance Act

We appreciate that the institution of the PFA Act was an extremely commendable step in an effort to bring a measure of relief to those engaged in farming who were deprived of practically the right to live during the depths of the depression in the 1930's. We feel that this legislation was an attempt to meet a serious situation, which at that time it did, to a substantial degree. That was a time when very little financial outlay was required in sowing a crop, and \$2.50 per acre was a fair sum of money.

Today—with changing conditions in farming, the heavy capital outlay, and the high cost of operations—there is a definite need for a revision of the PFA Act to give benefits even comparable to those of 20 years ago. And in view of the drastic reduction in the purchasing power of a bushel of grain, farmers are compelled to search every possible avenue of insurance against crippling losses.

We would request therefore that consideration be given to the following recommendations:

1. That, in view of the marked increase in operational costs and the fact that our dollar is reduced by approximately one-half its value, the maximum benefits under the PFA Act be increased to double the present rate per specified acre.

2. That the basic qualifying area be reduced, and revert back to the contiguous pattern. This would lessen difficulties, now experienced, where sections adjacent to the qualifying area are not eligible for benefits.

3. That farmers do not forfeit benefits by securing off-the-farm employment at other occupations for a period during the summer.

4. That reservation Indians participate on the same basis as other farmers.

5. That benefits apply to those who have purchased crown lands since the PFA Act was established.

6. That township lines be no barrier to qualification.

Those are our specific recommendations in this regard, and with your permission, Mr. Chairman, Mr. Young might cover the points that he has outlined in his statement.

I will say before I conclude, that these discussions to which we have been listening yesterday, and again today, with regard to the administration, and the various points of contention and problems, are all very real, and very practical. I must say, that we spend a tremendous amount of time in our office dealing with complaints, and so on. I will also say, in fairness, though, that we have enjoyed the cooperation of the administration, to a very marked extent.

I think possibly some of the points that have been brought up in discussion yesterday and today will come up following our presentation. With consideration of those points, and I think without much more work, and with very little more expense, the P.F.A.A. should be made to do a much better job, and to leave the farmers with a great deal more satisfaction, and a clear understanding of the ramifications of the administration, and the act itself. I think we can accomplish that much.

I would mention, particularly, a reference that was made just a few moments ago, that is not included in our recommendations. It was in regard to a statement accompanying the cheque that the farmer gets. So often a farmer comes to us at our country meetings, or writes in to our central office in Winnipeg, saying that he would like us to explain just why he got the money, what land it applied to, and on what basis. I think, Mr. Chairman, that without too much additional administration expense, and so on, this information could be sent with the cheque the farmer receives, as a stub attached to the cheque, somewhat similar to the one we have with the wheat board cheques at the present time. In that way, I think the thing would run along much more efficiently, and with a great deal of satisfaction, in so far as the individual farmer was concerned.

The CHAIRMAN: Thank you, Mr. Patterson.

Mr. Henry YOUNG (*Vice-President, Farmers Union of Alberta*): Mr. Chairman and gentlemen, I certainly appreciate, on behalf of our organization, the opportunity of appearing before you here. I have certainly enjoyed the very earnest attitude you folks bring to these problems.

Now, you might wonder why we have brought a separate submission here, but perhaps you will understand that the call to us to appear before this committee was made at such short notice we had no opportunity to get together

with Mr. Patterson. So, we prepared a short submission with regard to some points of particular interest to us in Alberta, and brought them along. I will read them to you.

The Farmers' Union of Alberta is interested in the proposals for amendment of the P.F.A.A. We welcome the idea of raising the rates of compensation and also the ceiling on total payment per farm.

However our policy envisages much more sweeping amendments than any contemplated in current legislation. We would like to see the P. F. A. A. expanded into a much more comprehensive system of crop insurance, with substantially larger benefits and more complete coverage.

What we are proposing may be summarized as follows:—

1. That a crop insurance plan based on the P.F.A.A. be set up by the federal government and made available to all provinces who wish to participate in it.
2. That this plan be on the basis of three way participation by the federal government, the provincial government and the farmer.
3. That a much higher scale of benefits be provided, and the eligible area be reduced to not over one section of land.
4. That this insurance plan be financed by the somewhat higher levy on grain with the provincial and federal governments making up the balance.
5. The rate of levy could be varied between districts according to natural hazards.
6. That crop loss from any natural cause be covered.

The embodiment of these principles in a system of crop insurance would impart a measure of stability to agriculture in the areas of Canada where natural crop hazards are somewhat high. We believe that such a measure would contribute greatly to Canada's overall prosperity and would be fully justified by results.

Now, just a word on this question.

As we will readily admit, this statement of ours goes considerably beyond what you are called together in this committee to consider. We realize that. We know it is customary to refer to the Prairie Farm Assistance Act as crop insurance, but we know that the Prairie Farm Assistance Act is not a crop insurance plan. We will admit that; but we do feel that the Prairie Farm Assistance Act could be made to operate on the basis of something much more along the lines of the crop insurance plan. That is why we have put these points down here.

Now, we are interested, not only in the amendments you have before you—we think that, in the main, they are good, and we like the idea, naturally, of raising the rate of benefit—but we think, perhaps, that these new categories being set up will work to good advantage. However, there is one thing I am rather uneasy about in regard to this new category of zero to three, and that is I think perhaps it will restrict the areas which come under the zero to four basis; in quite a lot of cases they will not be able to get the benefit of the higher rates. However, that is a thing you will no doubt be looking into very carefully.

To refer back for a moment to the brief Mr. Patterson has presented. In regard to Paragraph 5:

That benefits apply to those who have purchased crown lands since the P. F. A. Act was established.

We have felt for several years, since the amendment to which Mr. Gardiner referred a while ago was brought in—I forget what year it was. I think it was 1950, was it Mr. Gardiner?

Right Hon. Mr. GARDINER: About 1950 or 1951.

Mr. YOUNG: We feel there was an injustice there. Many people, who have settled on the land since that time have been deprived of the opportunity of getting benefit from the P.F.A.A., while, at the same time, they are compelled to pay into it, I think we can admit there may be cases where that is justified, but it certainly is not justified in the homestead areas of Alberta. Even though the last amendments which were brought in two or three years ago largely remove that disability from the land north of township 60, it still does not remove the disability from our homestead areas along the foot-hills. We have land in areas west of Edmonton, and west of Wetaskiwin, and west of points further south, which still have that disability in regard to the homesteaders there—the people who have taken up crown land. Incidentally, that land cannot, by any stretch of the imagination, be described as marginal. It is good land, in the main. Otherwise, the provincial government would not allow them to go in and settle there.

I hope the minister will take these suggestions seriously. I think you can draw a distinction between land which has reverted to the crown, because it was sub-marginal, or because of drought conditions, and land which has been newly taken up—new land which was never farmed and reverted, or anything of that kind. I think there could be a distinction drawn there, if it is necessary to draw a distinction, because it certainly is a great injustice to people to be put into that position, at least it so appears to us.

I do not think I should say much more here. You may have some questions you would like to ask me in regard to our particular proposals. But we do feel that P.F.A.A. has been of great value, and right here I would like to say, we have no fault to find with the administering of that act in Alberta. We appreciate very much the attitude of the director or manager of that act. I do not know exactly what his title is.

THE CHAIRMAN: Director.

Mr. YOUNG: The director for Alberta, Mr. Rowbotham. I think he is an excellent man, and he has been most cooperative with us. But there is one difficulty there which perhaps you might be able to do something about, and that is on this question of who qualifies for prairie farm assistance payments on account of his occupation. I was in the office of the farm union in Edmonton for five years, and during some of those years a considerable number of cases were brought to us where a man was denied payment because it was stated that he was not a farmer. There seems to be a certain amount of discrepancy in some of these cases. In some instances a man has left his farm for a fairly temporary period, or so it appears, and he will be classified as not eligible under the Prairie Farm Assistance Act, and then in another case a man who has been absent from the farm for a considerable period is given such assistance. There seems to be a little bit of discrepancy there.

In many cases Mr. Rowbotham took these cases to the board and it seems to have given a ruling in one case which is quite different from what it has done in another case. I hope Mr. Gardiner can do something to iron out this situation, and we do believe that a man who has felt that he had to leave the farm to go out and take a job because he has become hauled out, for instance, or that his crop was going to be a failure should not lose his benefits. Sometimes all the money he can earn that way will be lost, or at least he will lose a great deal more than he could earn, having lost his prairie farm assistance for that particular year.

So this is another point upon which I think some consideration should be given. On the general principle we feel that this act should be expanded to something much wider than it is, and we have suggested that it could be put on a basis that any province which wishes to take advantage of it could take advantage of it. We think the provincial governments should be brought into this and that the provinces should make some contribution towards it if they want their farmers to take advantage of it. We know that in other types of agriculture this would require a different form of levy, and we can all admit there are some provinces probably that would not wish to take advantage of it. But certainly we should make allowances, and indeed we will have to make allowances. I say this in the light of Mr. Duplessis' feelings on such matters, and his attitude and so on; which we will have to consider. But this is a very very important question, and while at this time, and in these amendments, you are not going to go so far, still this is a question which, is going to recur and recur until something more comprehensive is done to solve the problem. Thank you.

The CHAIRMAN: Are there any other questions?

By Mr. McCullough (Moose Mountain):

Q. I should like to ask Mr. Patterson if he would explain specifically what is meant by their sixth recommendation, that the township line be no barrier to qualifications?—A. Well, in the setting up for the administration of the act, as we understand it, the area is within the boundaries of the township and if you want to go beyond the township boundary, then you must have so many sections, to qualify to get in an area along with the township area. Our thinking on that is that if the township barriers were removed possibly it would not present any greater problem so far as the administration was concerned. In fact it perhaps might simplify it, and at the same time it would leave the situation open where you might have a couple of sections of land backed right on to the qualifying area, and which would still qualify. There are not so very many of them, (under six), which are disqualified. If you do away with the discrimination as far as the township barrier is concerned then, whether it was one, two, three, or four sections, they could qualify because they were within the qualifying brackets. Does that answer your question?—A. Yes, I think so.

Mr. JONES: I should like to ask one more question. I was interested in the comments of Mr. Young on the crop insurance proposals. Has he given any consideration to covering fruit and vegetables in such a group insurance plan?

Mr. YOUNG: Well, I cannot say that we have, Mr. Jones, because actually we have no such problem as that in Alberta but I do think it may be possible to cover such crops under a proper crop insurance plan. Of course you would require quite a different set-up to the Prairie Farm Assistance Act in its present form in order to do so. As you know it only provides for a levy on grain while naturally you would have to have a levy on whatever crop there was to be covered, if you were going to do that.

Mr. PATTERSON (*Fraser Valley*): Mr. Chairman, we appreciate, of course, the problems which confront the farmers in the prairies. We are also cognizant of the fact that the act is designed to deal with problems in that area. But I think the question Mr. Jones has raised is of vital concern to those of us who live in other sections and, in looking over the section dealing with group insurance in the brief of the Interprovincial Farm Union Council, and also the submission by Mr. Young, I find that there is reference to the fact it should cover all provinces. I was also interested in this matter as to whether or not consideration was being given to making it an all-crop insurance program

and I would like to have an answer from the Interprovincial Farm Union Council in this regard, and then possibly the minister could give us some information as to whether or not this matter is being considered by his department also.

The WITNESS: Mr. Chairman, in this regard I think Mr. Patterson will notice that I have refrained from going into crop insurance aspects. However, we are happy to deal with it at the pleasure of the committee. The Prairie Farm Assistance Act, as we said in our preamble, has done a job, on occasion, for the people concerned. However, there are other people, perhaps, that it could and it should equally serve.

This subject has been referred to by Mr. Young in his suggestion that it could apply to all provinces. This is one of our concerns with regard to the Prairie Farm Assistance Act and crop insurance, as I said before, the Prairie Farm Assistance Act has done a job up to a point since its inception. However, conditions have changed and farming has become a different set-up. Whereas at that time, if you did not have any grain in the bin and if you did not have any money in your pocket and only enough grain for seeding, you could put in your crop, you cannot do that any more. At the end of the year, in the thirties, if you did not harvest too much of a crop you could still stay in business, up to a point. That has also changed. At the end of the year now you face the expenses which have to be faced in present-day farming.

Therefore I think that answers the question with regard to the interest in an over-all group insurance plan coming out of the Prairie Farm Assistance Act administration set-up, whether it is in conjunction with it altogether or separate from it. People are looking for ways and means of protecting themselves and protecting their investments year by year in their operational expenses. We could, as has been pointed out before, insure against hail, but these other pests and plagues cannot be insured again. There is no way in which we can insure against them and are vulnerable to them. However, in answer to your question, we would say yes, that under a crop insurance program it could be adapted—it could be tailored to every aspect of agriculture whether it be in the fruit-growing areas or the potato crops or small fruits or anything else—that it could be made available, although some of the administration and so on would have to be different. But, if it was available, then people could guarantee their income by insuring against these various hazards.

Mr. PATTERSON (*Fraser Valley*): Just continuing this point a little further, I am of course greatly concerned about my own section, and back in the fall of 1955 a very severe frost practically wiped out a strawberry crop. As you know, the Fraser Valley is noted for its strawberries, and the crop was almost 100 per cent lost. Also the hay crops were damaged to the extent that I have been given to understand about 700 out of 3500 milk shippers have gone out of business because of the destruction of their fodder crops. I was wondering if the union would consider such a situation as that could be covered by this type of program?

The WITNESS: Under the crop insurance program, yes, it could be. It would require different regulations to that which apply at the present time, and a different system of deduction or payment. It could be a levy of so much an acre, similar to what we have in the United States, in the crop insurance program. However, it could be quite practical. Such a crop would perhaps be just as valuable as the fruit to your farmers, or as the grain crop is to me in my particular area.

Mr. JONES: I should like to go on with the subject about which Mr. Patterson has been speaking—that the situation is very serious in the small fruit area. I am particularly thinking of the British Columbia area, particularly the

Okanagan Valley, where we would normally have had ten to eleven million boxes as this year's crop but, owing to two very severe frosts, we are down to less than four million. It will be even less for the next crop and this will continue until those trees are replanted.

They are a lot harder on the fruit grower or the small berry grower than on the wheat grower because he can usually recoup in the following year his loss of one year, while these people cannot. They have to wait seven or eight years for their trees to grow. I think it is a very important matter that your union should give consideration to the fruit growers and vegetable growers and bring your proposition before the minister. I know that when it is something sound and reasonable he will entertain the idea but someone must work on the problem and present to him something tangible. I hope you will be among that number.

By Mr. Pommer:

Q. Does that not come under the jurisdiction of the provincial government of British Columbia? Would they not have to initiate a program such as that? I was under that impression.—A. That is a question that could better be answered by the minister. But we, in the prairies, are working with the provinces on that particular aspect in an effort to bring about a crop insurance program. The provinces have made a considerable study of it. We had a royal commission in Manitoba and their report is available to any other province interested in studying their findings.

The CHAIRMAN: Are there any other questions?

By Mr. Robinson (Bruce):

Q. I have one question to ask the witness. Has his association given any thought toward a scheme for financing itself? Has any study gone into it?—A. We can say as far as the P.F.A.A. is concerned that it does finance itself in Manitoba, and the same thing would apply in the case of a crop insurance program, at least, up to a point. It is a matter of areas. There would be different areas, and crop risk factors would be taken into consideration to a substantial degree. It would be financed to a large extent by the farmers and on a contributory basis.

The CHAIRMAN: Now, Mr. Dinsdale.

By Mr. Dinsdale:

Q. I would like to ask Mr. Patterson about point three in the presentation of the Interprovincial Farm Union Council which reads as follows:

3. That farmers do not forfeit benefits by securing off-the-farm employment at other occupations for a period during the summer.

We have already had some discussion on that particular point. I think the period from November to May was mentioned as the permissible period for a farmer to be a temporary employee. Is there some particular reason why you include the word "summer"?—A. Yes, Mr. Chairman and Mr. Dinsdale. I was happy to hear some reference made yesterday to the fact that an individual who had secured off-the-farm work on a temporary basis during the summer would also qualify. I understand that was the statement generally. However we have cases—"and I have already mentioned some of them to the gentlemen responsible for the administration". We have some cases about which I think we will have to ask for a further review on that basis, where, because of the fact that the individual concerned was unable, because of weather conditions, to sow any appreciable amount of crop at all—and also in view of

the fact that the summer fallowing operations were at a standstill up until perhaps the harvest period—he went out to get other means of income in various ways.

According to our understanding it is because of the fact that they derived income from these various other jobs that they have been disqualified. But we will be taking up these cases with the administration.

Mr. NICHOLSON: I would like to ask Mr. Young to say a word or two concerning paragraph 4 which reads:

4. That this insurance plan be financed by a somewhat higher levy on grain with the provincial and federal governments making up the balance.

I wonder if Mr. Young would care to comment on how high a levy the farmers would stand for in connection with financing a program of this sort?

Mr. YOUNG: In the Interprovincial Farm Union we have not set any definite scale. But speaking as an individual farmer I would say that I think the farmers would stand a levy up to three per cent, provided it was a plan which could be applied, and which would go down much closer to the individual. In other words, you could not ask for a much higher levy as long as you must have as large an area as you have at the present time in order to qualify. I think the farmers would be quite willing to pay a higher levy provided that if they do have a crop failure they are going to participate. But we have large areas at the present time. I think that is one of the weaknesses of the act. We have too large an area required to make an eligible block. We have farmers who have had a crop totally destroyed and who have paid all their lives, but they were not able to get a dollar out of it. They may stand for a one per cent levy on that basis, but not for one much higher. I think that is your trouble in Manitoba very largely. There are not enough people who participate in the benefits. There is too much of that sort of thing there.

In the part of Alberta I come from, our crop record is probably quite as high as any place in Manitoba. I am referring to the Edmonton area. But while we have that situation there I think we are quite agreeable to pay up to three per cent, providing we get a crop plan which will come down closer to the individual farmer. In our submission we suggest a block not over one section. There is a question there as to whether it should be maintained on that basis or whether it should go right down to the individual farmer. That would be most desirable, although we know there are objections to it of various kinds. That is my opinion on the matter.

By Mr. McCullough (Moose Mountain):

Q. I would like to ask the witness if the Interprovincial Farm Union Council would seriously advocate a crop insurance program which would be actuarially sound, and which would be a program paid for by the farmers themselves. I am thinking in terms of the investigations which have been made in reference to an all comprehensive insurance program, and the high rate which would be necessary to carry such a program on an actuarial basis. I think Mr. Young indicated that he thinks the farmers would be prepared to pay a premium of three per cent on their own. But we would still have to furnish seven or more per cent which would have to be paid in some other way. Can you explain how you think it might work out on a provincial and federal basis, and whether you would expect the various governments to come into the picture.—A. I am not prepared at this time, Mr. Chairman, to go into all the details and the ramifications of it, not having brought too much of the material with me. But we can say that in so far as a scheme of this kind is concerned, we have a close parallel with regard to labour today, namely, unemployment

insurance, where the government assumes a substantial share of the responsibility in respect to its operation. We feel that it could very well apply in so far as agriculture is concerned and to a substantial degree.

As you have intimated, Mr. Young suggests a levy up to three per cent. In the hearings conducted by the crop insurance commission in Manitoba we did have it three per cent. Even higher than three per cent recommended in some districts. I might say that the Commission covered the province very thoroughly.

Experience in the United States points out that the rates do not have to go beyond reason in order to cover the program. According to the information we have at the present time we feel that the farmer could absorb a substantial proportion of it.

There are times of course in the initial stages of such a program when it would be positively necessary to have some participants other than the farmers themselves and the provincial government, to come into it because of the fact that we could run into a situation similar to what we had in 1954 when one year could wreck any program which was only maintained by farmers, or by the provinces themselves in conjunction with the farmers. So it would call for the support and the participation of the federal government, the provincial government, as well as that of the farmer in any comprehensive system of crop insurance.

By Mr. Charlton:

Q. In that regard, I wonder if the individual farm unions through Mr. Patterson would count the amount of losses paid out in that case? I assume you are working under the benefit of \$2.50 per acre which you say is the total present P. F. A. A. payment. But if you work on that basis, the percentage would not be nearly as high as if you worked in full on the loss-payment basis, would it?—A. I do not think I grasp your question, Mr. Charlton.

Q. At the present time you are not paying for the complete loss through the P. F. A. A. in the crop insurance policy in which you put up 100 per cent of the losses sustained by the farmer.—A. No. We are looking at it in terms of experience gained in the United States where they can insure up to a certain percentage of the crop value. In the other method, as I have said, they use the actual cost of operation as their basis of insurance. One of those two would no doubt be the basis of the crop insurance program.

By Mr. Johnson (Kindersley):

Q. I would like to ask if the Interprovincial Farm Union council favours the adoption of a crop insurance plan by the federal government along with the adoption of a farm price program.—A. Yes. I would say that the two of them while they are associated to some extent are two different matters. Regardless of whether or not we had a crop insurance program as far as agriculture is concerned, whether we like it or not, sooner or later we will have, out of sheer compulsion, to look at the price factor in so far as farm products are concerned. A manufacturer can sell a wheelbarrow for \$9.50 which cost him \$10 to produce, but he will not stay at it very long. By the same token the same would apply to a farmer who produces apples which cost \$1 to produce if he sold them for 75 cents. They would only be able to stay at it so long. While crop insurance can be a factor in adding to the stability and guaranteeing the investment on the farm it by no means suggests as a crop insurance program that it will solve our price problems.

Q. Do you think this would be a nucleus for a crop insurance program?—A. Yes. Certainly the experience gained in the P. F. A. A. would be of tremendous value in the crop insurance program and possibly we can evolve a crop insurance program out of adjusting the P. F. A. A.

Q. One of the aims of your farm organization is a request for the introduction of a crop insurance program.—A. Yes. But we do not suggest today that we cut off the P. F. A. A. and establish a crop insurance program.

Q. In your brief you outlined your request for a doubling of the rate for specified acreage. Would it be better for your organization if the government had left the two existing categories and had doubled the benefits to \$5 and \$3 an acre rather than to have broken it down into three categories which this bill proposes to do?—A. In that respect we are something like the administrators of the act. We do not have it broken down yet. We have not had time to assess it in order to determine the impact which will be brought about by adding the additional category in the middle.

There is one other point which I would like to add, and in this I am only speaking off the cuff. In the administration of this proposal there is a couple of bushels in there in the 3 to 5 category which will complicate to some extent the analysis of the crop returns. I am not, at this moment, prepared to say that we would say leave it as it is, or one way or another. But we do believe on the basis of the change in the overall economy and the buying power of our products today as compared to the period of the 30's that we have a logical argument for suggesting that the benefits be increased by 100 per cent under the act.

Q. Mr. Young expressed the concern that by breaking it down into smaller categories the incidence of qualification under the zero to three bushel category might be quite small. He was taking into account the technological advances, wire worm control and other factors which have been developed since the inception of the act which will make it quite improbable that certain areas will qualify under this. Had the government left it in the zero to four bushel category it would have been more realistic in providing the maximum amount of benefit in the area that would qualify. Do you feel that the zero to three bushel category is as real a category in terms of drought as it would have been had it been left in the zero to four bushel per acre category.—A. I think it is obvious there would be a larger number of districts which would come under the four bushels than under the three bushels. That is quite obvious but we have no way of estimating how great a difference there would be. Naturally it would take considerable research to do that. We do not have the opportunity. Mr. Gardiner and his staff no doubt have done some research on that as they indicated to us yesterday, and they would be in a much better position to answer that question than I. We do feel some concern in that while there is offered now under the amendments to the act a higher rate of return, that is, of benefit, in the 0 to 3 bushel category, yet that category may be so restricted in an average year that there will be very little of the higher benefit paid. Therefore the increase in the benefits would perhaps be more apparent than real in many cases. I cannot think of any time in our district when we would have qualified under the 0 to 3 category, but we have on occasion qualified under the 0 to 4,

I see one thing there in the amendments to the act, and that is that the minimum payment is going to apply in this case on two categories whereas previously it only applied to one. The minimum payment has been a great help to some of the smaller farmers. It will now apply on the two lower categories.

By Mr. Quelch:

Q. Are you not thinking in terms of the last five years when you say we are not likely to have crops below three bushels. In my own area up to five years ago there were many crops which were not harvested at all. They started to head out when two or three inches high and could not be harvested.

I am afraid in my area in the dry years we will have the same situation again.—A. You are giving the committee information and you know a good deal more about this than I do.

Q. Mr. Johnson thought that we would be limiting it to the point where there would be very few persons paid in that category. I am afraid that in some areas when the dry periods come back there will be many districts which will yield less than three bushels. It is a question of moisture. If you do not get the moisture the crops will not grow.

Mr. NICHOLSON: Would the minister care to comment on the question of crop insurance?

Right Hon. Mr. GARDINER: Mr. Chairman, first of all I want to thank the Interprovincial Farm Union Council for coming here and also the representative from Alberta. The objective of a meeting of this kind is to hear any criticism of legislation which is presented. We also want those who come to the committee to gather all information they can with respect to the problems with which they are confronted when they go about their work in the country. I think their coming here has given us an opportunity to receive their point of view and also has given them an opportunity to give some of the answers at least to the criticisms with which they are confronted.

The suggestion which came from Mr. Patterson to the effect that statements should go out with the payments is a good one. It may surprise some people who wonder just why we do not do different things. We rather hesitate to do things which some people might call propaganda. We do that quite freely from the public platform, but sometimes in sending out statements when the government is paying out money we receive criticism and we are just a little concerned about it. Nevertheless I think it is something which is worth taking into consideration.

I want for the moment to mention one other thing which has been called to my attention. This is a statement which was handed to me by the Director. A farmer is not disqualified through having some other occupation as long as farming is his primary occupation. It does not matter whether he goes away for a long or short time if farming is his primary occupation. It is only when we consider that farming is not his prime occupation that there is difficulty with some people. Naturally those are the people from whom we hear. The others have had their payment and we do not hear from them.

There was some discussion about the categories. The 0.3 bushel category, in 1951 I think it was 8.5 per cent. That is the percentage of townships in the category. In the 0 to 3 category it was 8.5 per cent in 1951; in 1954, 18 per cent; in 1955, 26 per cent. One of the reasons why I took those years is that the first one is a year in which there were no flood payments. The second two years are years in which there were flood payments. The percentage is very much higher under the three in the last two years than it was before. Then in the 3 to 5 it was 12.5 per cent in 1951 and under the new payments 30 per cent, and under 1955, it was 23 per cent. Then in the 5 to 8 under the old payments it was 79 per cent; in 1954, 52 per cent; and in 1955 it was 51 per cent. I thought of emphasizing that yesterday and if I had probably it would have saved me having to say anything now. You will note that under the system which we are following now with the payments as they are it is 52 per cent above 5 in one year and 51 per cent in the other year. In other words, it is about a fifty-fifty proposition, as between that category from five down, and that from six up, inclusive. So, I think that answers some of the suggestions.

Mr. NICHOLSON: I wonder if you have the figures, in dollars, that it would cost under the two plans, in these two years?

Right Hon. Mr. GARDINER: I think they are all here in a paper which I have had prepared in answer to a question asked in the house by the member for Acadia. This covers the last seven years, but the last year is really only a partial year.

You will find in there that, even in Saskatchewan, there are only two years in which they did not collect more than was paid out during the seven years. It is true that those two big years pushed the thing up so that there was about \$2 million up on the total payments, over the total collections.

Mr. NICHOLSON: The point that I wanted to get at was: I wanted to get the figures that would have been paid out for the past three years under the old plan, and what would have been paid out for the same period under the new plan.

Right Hon. Mr. GARDINER: It would be rather difficult to do that. The 1954 year, of course, was the big year.

Mr. NICHOLSON: Could that information be placed on the record at the next meeting?

Right Hon. Mr. GARDINER: We could probably put that on the record, but I am not too sure. These are the totals here.

Mr. BIRD: Perhaps I can give you that information.

Right Hon. Mr. GARDINER: This is hardly correct, because that is what we were talking about first.

Mr. BIRD: No, those are the ones you are talking about at the present time, and the other is the first one, sir. This is the three to six plan.

Right Hon. Mr. GARDINER: But, we have got the three to five plan there.

Mr. NICHOLSON: Those figures can be brought in for the next time we meet—that is, an estimate for these three years in regard to what was paid out under the old plan, and what would have been paid out on the new plan.

Right Hon. Mr. GARDINER: These figures are here, and I think I am right in saying that these were prepared for the drafting of the bill that we did have, which was discussed at one stage, and which shows the three to six as being included. It picks up the six instead of the three to five. This is only four to five in the one, and this is from six up. These figures would not be just exactly what you want, so we will get those other figures for you at another sitting.

What I did want to point out was, that in the presentation that was made, and I think it was emphasized by both submissions, in regard to crop insurance, which, of course, is not before us at the moment, that this plan is, as nearly as I can make out, the American plan—that is, the plan that was presented from Alberta is the American plan. Under the American plan, the American government put up \$100 million, which has to be paid back over the years. They put into the fund \$100 million, that could be drawn on until they got the plan established, and then it is presumed that they will pay this back to the federal authority through an insurance plan. But, the thing that I wanted to call attention to in connection with it, was the item that you discussed most—number four:

That this insurance be financed by a somewhat higher levy on grain with the provincial and federal governments making up the balance.

I just want to read you one paragraph from the province of Saskatchewan's Commission on Agriculture and Rural Life. Publication number nine, on crop insurance, in summing up on the American plan has this to say:

Of the ten high-risk counties in North Dakota (those with premiums over 12 per cent of coverage), nearly all shows less than one third participation.

These areas are the most nearly akin to what we have in Saskatchewan, southern Manitoba, and in part of Alberta.

Of the eight high participation counties (50 to 75 per cent participation), nearly all were associated with a premium rate of four to eight per cent of coverage. Over half of the 44 counties in the wheat program showed less than one third of the eligible farmers participating;

There is a lot of information in the volumes of these commissions, both the one that was got out in Saskatchewan, and the one of Manitoba, a copy of which I have here.

The one thing that I think is clearly shown is, this is not an insurance plan we are dealing with. I might say to you, that if there ever had been any insurance plan back in the early days, you would never have had this plan. It was because nobody had any idea how they could bring in crop insurance, and were saying so, and indicating that they could not get it any other way, unless the federal government would work out some way of getting it. That was before my day. The federal government said, this is a provincial matter, and the provinces should at least start it. Now, no province did start it, and the obvious reason is there, so far as the western provinces are concerned. With one crop year like 1937, it would wipe all the premiums that anybody could ever think of putting in—three or four times as much. So, the provincial governments were not providing insurance. We did not attempt to even lay a basis for insurance. All we attempted to do was to see that these people, whose crops were wiped out, got some assistance to carry them over to the next crop year, when they could get something out of their crops. We had nothing else in mind. We did not try to pay any percentage of the crop—75 per cent of the average crop, or anything of that kind, as insurance men do. We simply said we will help them as much as we can.

On the other question, as to whether you can get the provinces into it or not, I am not talking about governments formed by other political parties. The government that was in Saskatchewan at the time was a liberal government. As a matter of fact, I set it up myself before I came here. I could not persuade them to go into partial payments under this plan. I tried the best I could to get it done. I sat in with the council and discussed it with them, but I was not able to get it done. The same thing was the experience right through. We did not think that the farmers in the drought areas could wait for the insurance plan, so we went ahead with this. That does not mean that we are not prepared to discuss an insurance plan, if some of the provinces do get interested in it, and want to promote it with some support from here. Any government that we may have here would certainly be interested in it, and prepared to talk about it with the provinces. But, they do hesitate to go into the provinces and say that we should induce the people to carry on any kind of agriculture, within the province, by making it more secure to get into that kind of production, than it is in some others. We say, that if they are going to talk about that, we think the provincial government should be in on it right from the start, and should indicate just what they do want, so that they will not be looking back and saying: you induced our people to get into this. Now, finance them, because they cannot get along. We think their action has to start pretty early. We cannot be pushing them into it, and we have not attempted to.

All I wish to say further is that no one of the provinces, and no municipality has asked to be allowed to come in under this set-up and pay a part of the cost, in order to eliminate part of their responsibility. We have taken on what we thought was ours and we have paid it right through the years, and we still pay it. But no province has come along, to offer any help in connection with it.

We have had these investigations as to whether you can get crop insurance. We are very sympathetic toward that kind of investigation, and we hope something will come out of it. But, again, I repeat, that we feel we must not take the position that we are trying to force a particular province into the insurance of any particular line of production. It will not apply the same all across the country.

The American plan is one where they put this money up and say to the states, you go ahead and organize. My understanding is, and of course, this report says so, that only 26 per cent of the eligible farmers, under this scheme in the United States, have taken out crop insurance. All of which means, that there is a very large percentage of them—some 74 per cent of the eligible farmers—who were not covered by crop insurance at all, and a very large percentage of the others are eliminated from the scheme altogether in the United States. They shut out the lower production areas, such as my friend from Acadia was just referring to a few moments ago—like those special areas in Alberta—they are not permitted in under this plan of crop insurance at all, in the United States. Neither would the greater part of the townships, or municipalities, that are covered by this act, be permitted under the type of insurance which they have in the United States. So we simply say, this is doing the job intended at the present anyway, and has helped a lot of people out of difficulties which, if they had to wait until we got crop insurance, they would have been driven off the land altogether long ago.

Mr. QUELCH: Does that not demonstrate the fact that you would have to have P.F.A.A. in addition to crop insurance?

Right Hon. Mr. GARDINER: Yes. If you are going to take care of the people who have the greatest need, you will need P.F.A.A.

Mr. YOUNG: Mr. Chairman, may I just say a word to clear the record, before you adjourn? I do not want anyone here to get the impression that the Farmer's Union of Alberta is advocating the American system of crop insurance. They are very definitely not advocating that. We do not mention it here but, the American system of crop insurance is a voluntary system, and it is based upon actuarial soundness, and so forth. We do not think it is feasible in this country at all. What we are advocating is an expansion of the Prairie Farm Assistance Act, into something more of a crop insurance plan. That is the way in which we think it should be done.

The CHAIRMAN: Before you go, gentlemen, on behalf of the committee I would like to thank the Interprovincial Farm Union Council for coming down here and appearing before us, and for giving us their very cooperative assistance.

We will adjourn until Thursday at 11.00 a.m.

The committee adjourned.

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Fifth Session—Twenty-second Parliament

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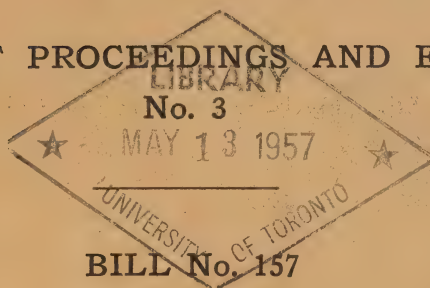
STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: RENÉ N. JUTRAS, ESQ.

MINUTES OF PROCEEDINGS AND EVIDENCE



BILL No. 157

An Act to amend the Prairie Farm Assistance Act

THURSDAY, MARCH 14, 1957

WITNESSES:

Dr. E. C. Hope, the Canadian Federation of Agriculture; Mr. G. J. Matte, Associate Director of Rehabilitation, Department of Agriculture; Mr. W. R. Bird, Director, Prairie Farm Assistance Act, Regina, Sask.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1957.

REPORT TO THE HOUSE

The Standing Committee on Agriculture and Colonization begs leave to present the following as its

SECOND REPORT

Your Committee has considered Bill 157, An Act to amend the Prairie Farm Assistance Act, and has agreed to report same without amendment.

A copy of the Minutes of Proceedings and Evidence relating to the said Bill is tabled herewith.

Respectfully submitted,

RENE N. JUTRAS,
Chairman.

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS, Room 118,
Thursday, March 14, 1957.

The Standing Committee on Agriculture and Colonization met at 11.00 a.m. this day. The Chairman, Mr. Rene Jutras, presided.

Members present: Messrs. Anderson, Blackmore, Bryce, Cardiff, Deslières, Forgie, Gingras, Gour (*Russell*), Harkness, Huffman, James, Johnson (*Kindersley*), Jones, Jutras, Kickham, Kirk (*Antigonish-Guysborough*), Lusby, MacKenzie, MacLean, Mang, Massé, Matheson, McCullough (*Moose Mountain*), Ménard, Michaud, Montgomery, Nicholson, Patterson, Pommer, Purdy, Quelch, Roberge, Schneider, Smith (*Battle River-Camrose*), Stanton, Thatcher, Weaver, White (*Waterloo South*). (39).

In attendance: The Right Honourable James G. Gardiner, Minister of Agriculture; Mr. Stanley Perka, Farmers Union of Alberta; Dr. E. C. Hope, Canadian Federation of Agriculture; Mr. G. J. Matte, Associate Director of Rehabilitation, Department of Agriculture; Mr. W. R. Bird, Director, Prairie Farm Assistance Act, Regina, Saskatchewan.

The Committee resumed from Tuesday, March 12, the adjourned study of Bill 157, An Act to amend the Prairie Farm Assistance Act.

Dr. E. C. Hope was called. He addressed the Committee briefly and was asked a few questions. At the completion of his address Dr. Hope was thanked by the Chairman for his attendance and cooperation.

Messrs. Bird and Matte were then called. The latter supplied the Committee with an answer to a question asked on March 12. Both were further examined in relation to the administration of the Prairie Farm Assistance Act and the amending Bill.

Clauses 1, 2 and 3, the preamble and the title of Bill 157 were severally considered and adopted without amendment.

And it was ordered that the said Bill be reported to the House without amendment.

At 12.15 p.m. the Committee adjourned to the call of the Chair.

Antoine Chassé,
Clerk of the Committee.

EVIDENCE

THURSDAY,
March 14, 1957
11 a.m.

THE CHAIRMAN: Order, gentlemen, we have a quorum so we shall proceed. We have with us this morning, Dr. E. C. Hope of the Canadian Federation of Agriculture who is ready to speak on behalf of his federation. Is it agreed that we now hear from Dr. Hope?

Agreed.

I now call on Dr. Hope to come up to my right.

Dr. E. C. Hope, Economist, Canadian Federation of Agriculture called:

THE WITNESS: Mr. Chairman and gentlemen: the Canadian Federation of Agriculture is very happy to be asked to appear before this committee in your discussion and deliberations with respect to the amendments in this bill which is before you.

I might say there are three amendments in the bill. Generally speaking the Canadian Federation of Agriculture is happy about these amendments because they are in line with what we have recommended from time to time over the past few years. Now with respect to the three amendments, one of them deals with an increase in the number of categories. Where there used to be two, there are now to be three. We would be in favour of the breaking down into three categories.

The second point of course is the raising of the amount of payments which our farmers can get under this act. According to our calculations, we came to the same conclusion that the minister did, that, other things being equal, it would likely result in about 50 per cent more money, to be paid out to the farmers. That is quite in line with the recommendations of the Canadian Federation of Agriculture over the past few years, that there should be some increase in the payments under this act.

With respect to the third amendment, the one dealing with the irregular block of six sections to be contiguous or adjacent to a township in order to be eligible, we would also be in favour of it rather than of a rectangular block of six sections because we have felt that the payments should be more in line with individuals rather than with blocks.

The fact that the amendment now provides for irregular areas—six or more sections—allows payments to follow a little more closely to the said types, and perhaps freak rain storms, and so on. Therefore it is important. So we would be in favour of these three amendments.

There is one other item though which is not in the act. I refer to the maximum payment.

Our western conference is comprised of the three prairie sections or the three federations in the west. At their western conference last fall, or their annual meeting in December, they did recommend that under prairie farm assistance the maximum payment should be \$1,000.

Under the present act—and the amendment does not change it—the maximum payment would be \$800; \$4 an acre of a half cultivated crop, or 200 acres. If you saw fit to raise the maximum to \$1,000 then of course that section would have to be amended to increase the 200 to 250 acres in your classification. In other words \$4 an acre and a half cultivated acreage up to the maximum of 250 acres would make \$1,000 a maximum. I presume that at the western conference they recommended that the maximum be raised in view of the fact that since the act came into operation in 1939 there has been a tendency to increase the size of farms throughout the west. I think that is all they had in mind probably, that the maximum for that reason should be raised.

Those are all the remarks I have to make with respect to the bill before you but I would be pleased to elaborate on any questions with respect to this act. I hope the questions will not be too long because I think I told you there is another rather important meeting of the federation in the Chateau and I must be there by eleven o'clock, but I told them that I would hope to be there a little bit late.

THE CHAIRMAN: Are there any questions?

By Mr. Johnson (Kindersley):

Q. I would appreciate it if Dr. Hope would give us a detailed analysis of the calculations the federation was able to make to come to the conclusion that there would be a 50 per cent increase.—A. I think if I remember correctly that what I said was this: We took the 0 to 4 category and the 4 to 8 under the old plan and we took \$2 or $2\frac{1}{2}$ —what was it before? \$2.50 an acre on the 4 to 8; and we took that to be \$1.50 per acre.

Then we took 0 to 3, 35, and we broke it down into one bushel intervals in theory; 0-1-2-3; and 3-4-5; and 6-7-8, and we took a simple average and assumed an equal distribution of farmers falling into each one of the categories all the way down, and it came out to 50 per cent more. That is all we could do because we have no other data to show what proportion would be in it. We do not know the categories. That is how we arrived at the conclusion that it would be, roughly, 50 per cent more.

Q. You arrived at it by a sheer hypothesis?—A. That is right. We had no other factual data to go on.

Q. You gave consideration to the fact that if there is a four bushel average, then the increase would be 50 per cent more. But if there happens to be a seven bushel average, there is an increase of 50 cents from \$1.50 to \$2. That does not appear to work out to 50 per cent according to my calculation.—A. 0-1-2-3-4; under this plan you would include \$2.50 an acre for each of these people, you see. And then 4-5, 5-6, 7-8, would include \$1.50 for each of these people. But under the new plan 0-1 gives \$4; 0-2, gives \$4; 0-3 gives \$4; and then there is a change; 3-4, it steps you up into another category. That is the way we did it.

Q. It was just an assertion.—A. That is right, it was just an assertion. We have no proof. Only a detailed analysis of the records of the department over a period of time would give a really true picture. But roughly speaking we think it would be about one half more.

Q. Did you not think that it would be less than one half in view of the increase in farm techniques causing more to fall into this category of 0-3 bushels to the acre?—A. No, I do not think we have any basis for saying that. The theory is that such people would tend to fall into the low classes. We have not had just seven or more acres. When you get a real drought however I do not know whether the new techniques will help a great deal. I do not know, I am really a little doubtful.

Mr. POMMER: They have not done so in the United States.

The WITNESS: With a real drought, when you get it, that is a thing which the future will unfold.

By Mr. Johnson (Kindersley):

Q. Has the federation considered the advisability of recommending that payments be increased in the 0-4 bushel category, and in the 4-8 category, which might "maximize" the benefits and give them to more people? Has the federation considered that as opposed to the amendment which the government has made, and if so, what would be your views on it?—A. The federation has always been in favour of an increased amount of payment. But as to breaking it down into smaller categories, speaking not for the federation but only as an individual, I have always favoured smaller categories and smaller steps even though it requires more administration. I know that. But I feel that the smaller the categories, the more dollars which the taxpayers might contribute, or the levy which you people contribute as farmers. They would probably go a little more where they are most needed in respect to smaller steps. That is why I rather favour it. The other way is to have bigger categories, which rather allows too much rough justice sometimes. That is the reason.

By Mr. Quelch:

Q. Have you taken any stand on the unit? I know that you have said that you were in favour of the amendments, but have you taken any stand to have the blocks in an irregular shape rather than rectangular? What has been the attitude of the federation regarding the size? The minimum size is six sections having one side alongside a township which really means that the township has six sections. But there is provision where it could be half a township. Has the federation recommended that it be brought down to six sections?—A. No, I am afraid we have not. But I can say this: that some years ago, as I recall it, the federation used to bring up resolutions dealing with it, and asking for it on an individual basis. But as I recall it now resolutions no longer come up in that form. At the present time I think they bring them up on an individual basis. I cannot recall that they have specifically mentioned in their resolutions any specific size of blocks to be attached to the eligible township.

The CHAIRMAN: Does that complete the questioning? If so, on behalf of the committee I am very pleased to thank you, Dr. Hope, and to express our appreciation for your appearing here this morning and speaking on behalf of your federation. We thank you for your co-operation.

(The witness retired.)

Now, shall we go on with the bill? I presume you all have copies of Bill 157 before you. Shall we consider clause 1?

Mr. JOHNSON (*Kindersley*): I do not think we are quite finished with the departmental witnesses. As I recall it, they stepped down in order to allow the Interprovincial Farm Union Council delegation to give their evidence. I still have a few questions.

The CHAIRMAN: May I suggest that since all this is by nature very closely related to the bill, and since these witnesses will be here all through our hearings, why not ask your questions on the clauses as we come to them rather than to cover the whole bill first and go back over it again with the questions?

Mr. JOHNSON (*Kindersley*): Some of my questions do not relate to the clauses, Mr. Chairman.

The CHAIRMAN: Fair enough. I suppose any questions might be asked under clause 1.

Mr. JOHNSON (*Kindersley*): I think our general procedure has been to have a general discussion first and then take up the bill clause by clause. I see no reason to change that procedure.

The CHAIRMAN: It is just a question of procedure. There is no use in repeating the same background over and over again. It is obvious that all the questions will be related to the bill because if they are not, then they are out of order. Therefore if they must be related to some part of the bill, why not follow our usual procedure and call the clauses of the bill which is before us. I would call clause 1 and then we would have a general discussion. We always allow a general discussion relating to the bill as such on the first clause. It is true that this is more specifically an amending bill. Still I shall allow a general discussion on clause 1. Let us get along with clause 1.

Mr. JOHNSON (*Kindersley*): Mr. Chairman, I do not care which clause you want to apply my questions to. If you want to apply them to clause 1, all right, but I want to ask questions of a general nature. Moreover, I do not like your insinuation that I am going to duplicate my questions at a later date. I just want to ask questions and get answers because they relate to the bill. I think it is important that we get that information relating to the bill.

Mr. CHAIRMAN: I must assure you that I was not making any insinuations. I was stating a question of fact. Why have questions now and then have the same type of questions directly relating to the bill asked again when they might very well have been related to a particular section? Now we are coming to the bill, and when we do come to such and such a clause, then the same questions will be repeated again. It is just an expeditious procedure that I suggest.

Mr. JOHNSON (*Kindersley*): My questions are directly related to questions which were allowed at a previous time. I do not see how you can rule them out of order at this time.

The CHAIRMAN: That is not the point. I am not referring especially to you, but rather to any questions which may be asked from now on. You are only one. I have no particular desire to proceed in any particular way, but it seems to me that this is the most logical way of doing it. If the committee wishes to proceed otherwise it is all right with me.

Mr. PURDY: I move that we proceed with the bill.

Mr. JOHNSON (*Kindersley*): The procedure at every other meeting of this committee has been to ask general questions and then deal with the various clauses. It is the same procedure which is followed when we deal with the report of the Canadian Wheat Board.

Mr. PURDY: Mr. Chairman, I move that we proceed with the bill.

The CHAIRMAN: With all due respect, Mr. Johnson, it is not the same thing as an annual report. When we have an annual report before us there is nothing to pass; we only consider the report and there is nothing specific. On the other hand when we have a specific bill before us with specific clauses and recommendations we have to deal with those individually whether we like it or not; it is not a matter of choice.

Mr. McCULLOUGH (*Moose Mountain*): At the last meeting there were certain questions which were asked by members of the committee and the answers were to be brought down at the next meeting. I suggest that we keep it on exactly the same basis as previously and that we should have that information now. I suggest that you continue the same way as we were proceeding the other day.

Mr. NICHOLSON: Mr. Chairman, we have been making very good time and you have had very good cooperation in this committee. I think in view of the

fact that some of the members may have points to raise which might be ruled out of order if we were considering the clauses that we should proceed in the usual way.

The CHAIRMAN: It is all right with me. You must realize what you are doing. We will carry on first with general questions and then we will go on with the bill. Is that your wish?

Mr. JOHNSON (*Kindersley*): Yes.

The CHAIRMAN: Is that agreeable to you, Mr. Purdy?

Mr. PURDY: No. Take the bill clause by clause.

The CHAIRMAN: We have to allow a certain amount of general discussion on clause 1 in any event so we might as well have a general discussion now.

Mr. JOHNSON (*Kindersley*): At the last sitting I asked a question as to the number of field inspectors for each year. It was indicated that the witnesses would provide us with this information. I think that information would be very valuable and I would appreciate if we could have it now.

Mr. MATTE: I have the figures beginning in the year 1939, the year when the act was first passed. These are the figures: 1939, 284; 1940, 258; 1941, 688. I would like to interject here that the figure for 1941 may seem high, but at that time it was very difficult to separate the inspectors as between the P.F.A.A., the P.F.I. and the acreage deduction scheme. In 1942 there were none at all; 1943, 306; 1944, 241; 1945, 356; 1946, 291; 1947, 412; 1948, 379; 1949, 473; 1950, 419; 1951, 282; 1952, 228; 1953, 283; 1954, 710; 1955, 457; 1956, 298.

Mr. W. R. Bird, Director, Prairie Farm Assistance, Department of Agriculture, Regina, Saskatchewan, called.

By Mr. Johnson (*Kindersley*):

Q. Thank you very much for bringing this information to the committee. I think it is very important because it gives us some indication, or rather makes us question why the administrative costs in the last number of years have been high. I point out in the year 1952 when the administrative cost rose to 18.8 per cent the number employed as field inspectors were not significantly below the number employed in previous years when similar amounts were paid out. In 1953 we had very high administrative expenses with 283 inspectors and around \$2 million being paid out. I think that was because those were very good crop years with a very limited amount of P.F.A.A. work and I would assume that you would not require the same number of inspectors in those good years as in the years 1954-5 when there was generally a poor crop. Could you give me an indication as to why you required the numbers which you gave us for those years and why did you require 228 inspectors in 1952 when according to this report it says: "The higher awards in Saskatchewan were paid only in the hailed area near Swift Current with the exception of half a dozen townships along the international boundary." Would you give me an explanation of that, please.—A. Mr. Johnston, while there is certainly some relationship between amount of money paid out and the cost of administration, I tried to point out the other day that you cannot tie this too closely together because of the fact that in some years, such as 1954 when the costs of the administration I think ran about 3 per cent of the amount paid out, we paid in the great percentage of the townships we inspected. I pointed out also in this present year we will possibly inspect three times as many townships as we pay in because of the fact that there is not a general crop failure and there are a lot of townships which may run 10 bushels per acre or in that neighbourhood. The municipalities want inspectors but we find

a large number do not come into pay. You have to do the work and you have the men out on the job but yet you are not paying out the money to the public.

Q. How many applications would you have from municipalities for inspections? Take 1953 which produced the largest crop on record. I cannot imagine too many municipalities asking that inspections be made of their areas.—A. I do not know whether I gave you this figure the other day but off-hand I can tell you the number of townships which applied this year. We paid in approximately 600 townships this year and have had applications for almost three times that many. You see what I mean there. We still had to go and do the work but there is a greater number of applications than townships qualifying. In former years you would find that the relationship between the number of townships applying for assistance and the number which received it would be greater or lesser than at the present time. I will say this, I think the municipalities are now more prone to make blanket coverage rather than pick out individual townships. Very often a municipality will simply indicate to us that their whole municipality is perhaps at 6 bushels per acre rather than give us the individual township estimates.

Q. I think that is a very important point. It to a large degree explains this.

Mr. MATTE: I think Mr. Bird omitted to mention the administrative costs are on the basis of the fiscal year from the first of April to the end of the following March. These inspectors are shown by crop year. The crop year is from the 1st of August until the 31st of July. For example in 1955 we show 457 inspectors. We did not require 457 inspectors in 1955 to inspect the 1955 crop. A large number of these inspectors were employed up until the end of July, 1955, to make returns on the 1954 crop. You will remember with respect to the 1954 crop the snow came so early we were unable to complete inspection that fall. There is a spill-over from one year to another.

The WITNESS: In 1952 a lot of the crop lay out over the winter, particularly in the northern part of Saskatchewan. Those men were naturally doing work into next spring. It will possibly not give you a true picture.

By Mr. Johnson (Kindersley):

Q. That would mean it would increase the amount of men shown for the fiscal year 1953-54.—A. It may, yes.

Q. You indicate in 1954 there were 710 field inspectors. That is the information you gave us. I am rather interested in a return which was brought down in the house, sessional paper numbered 10E which asked for the names of all the personnel and so on in the P.F.A.A. In going through that list of names I see that the total number is 728 and since this return also indicates whether or not they were officials or field inspectors I find that there were 21 who were other than field officers, in other words 21 salaried officials, leaving 707 field inspectors. Would the witness explain the reason for this discrepancy in the figures.—A. I think you may find there are two or three people there who are not actually employed in field work. They may be doing clerical work in field offices. For instance, we might hire a checker; he may appear there as a field inspector but actually he would not be calling on the farmers or doing the actual work. In the fall of the year in each of the districts, for instance at Prince Albert, our supervisor there will have one, two or three people in his office who just do clerical work on the material, and check the claims as they come in. That might account for the difference there.

Q. In other words the occupation of these individuals may not be accurately defined.—A. That would be the only explanation I can see.

Q. I notice that you gave us further information as to the number of field officers in 1955 indicating that there were 457. We have a sessional paper, No. 9C covering this same year. Although the discrepancy of two or three that was experienced in the previous year might be explained, I think that we will have considerable difficulty in explaining the discrepancy here. You gave us the figure of 457 but in this sessional return I find not 457 but rather 959. It indicates there were 498 in Saskatchewan, 280 in Manitoba and 181 in Alberta, that is field officers and inspectors.—A. What year was that?

Q. This is sessional paper 9C, a pay list of all P.F.A.A. officials with addresses, salaries, and expenses paid to each during the year 1955.

Mr. MATTE: How does the question itself read?

Mr. JOHNSON (*Kindersley*): There is the return—

The CHAIRMAN: But how does the question that asked for the return read?

Mr. MATTE: How did the question itself read?

The CHAIRMAN: In what form is it?

Mr. JOHNSON (*Kindersley*): I have not got it here.

The CHAIRMAN: You must have.

Mr. JOHNSON (*Kindersley*): Oh, yes.

"List of all the P.F.R.A. and P.F.A.A., officials or field officers, address, salaries paid to them during 1955."

Mr. THATCHER: The P.F.R.A. is included. Would that not be the difference?

Mr. MATTE: It may be a calendar year. That is the difficulty with some of these questions.

Mr. THATCHER: But the P.F.R.A. is also included in them.

By Mr. Johnson (Kindersley):

A. I think my hon. friend should credit me with some intelligence. I have a copy of the P.F.R.A. here, and there are even more pages in respect to that for the P.F.A.A. I have got the two broken down, and I was amazed when I read there that the previous sessional paper indicated the same thing. I do not see why there should be a conflict in these two sessional papers, and that the same individual should be included in the two years.

The WITNESS: I cannot give you an explanation just at the moment, Mr. Johnson. We got this information by telephone from our office in Regina. I will certainly be glad to check on it for you, and give you an explanation.

Mr. MATTE: That may very well be for a calendar year.

Mr. JOHNSON (*Kindersley*): With all due deference to what Mr. Matte has said, I think the two returns were brought down essentially in the same form, and in the two succeeding years they should not overlap and duplicate the information. I am concerned about this, because I am afraid that it might indicate, to a lot of farmers in the country, that the minister responsible has got a few more members there, or is making some attempt to cover up something that is not just as it should be. I am not reflecting on the witnesses from the P.F.A.A., because after all, they are paid employees that do what they are told. I think we should expect to get some explanation of this discrepancy. To me, it is a very serious one, which indicates that there is certainly something basically wrong in either the administration, or the ministerial direction in regard to this act.

I have another bit of homework which I did.

The CHAIRMAN: On that point, you quoted the two sessional papers, did you not?

Mr. JOHNSON (*Kindersley*): Yes.

The CHAIRMAN: One is 9C, and the other is 10E. There is no question that the paper must be on a calendar year basis. You gave your figures on what basis?

The WITNESS: These are fiscal years.

The CHAIRMAN: The other figures are on a fiscal year basis. The question was asked as to 1956, and that is a calendar year question.

At any rate, we will look into this matter.

Mr. JOHNSON (*Kindersley*): I do not think that is the explanation for it, because I checked very carefully with those people who make up these sessional papers, and they referred me to the act, which indicated it was on a fiscal year, and they stated that their sessional paper would be brought out on the same basis. Before this committee adjourns, I think we should—

The CHAIRMAN: It is definitely a technical misunderstanding, because these same people answered both questions.

Mr. MATTE: May I say this, please: We did not have this information all gathered before this committee was called. When the question was asked here in the first stages, we got on the telephone and called our office in Regina. They made a rapid calculation, and these are the figures they gave us over the telephone. The minister himself was not given a copy of this. It was a very rapid calculation. We called again yesterday afternoon, and we obtained these figures from 1939 to 1950, and I would not say that they are absolutely correct. It was a very hurried calculation.

Mr. JOHNSON (*Kindersley*): I think the minister has already seen the papers. On page C9 of the evidence he said:

"I think you have had nearly all of them through returns brought down in the house."

It seems to me that it would have been a very simple thing for the minister to have checked through to make sure that his information was accurate.

The CHAIRMAN: In all fairness to the minister, you know very well that ministers do not check through all questions that are sent for returns, and that come through the department. I mean, you just made a statement, a moment ago, that you were not making an inference in respect to the two witnesses here, but you almost made the statement that you were leaving an inference in respect to the minister. I do not think that you should have done so in respect to the minister, or the witnesses, because this is just a technical question. You asked two questions of the same people, although there are many people in that one department, and I think the form of the question misled them in respect to that information. However, neither the minister, or the witnesses are involved, as far as that information is concerned.

Mr. JOHNSON (*Kindersley*): In your mind it might be a technical question, Mr. Chairman, but I consider in view of the fact that there are 500 different field officers listed here, that it is not a technical question. I would like that cleared up before this committee finishes its deliberations.

I want to come back to this other point that Doctor Hope mentioned. I do not know whether the witnesses are able to provide this committee with any further information on the breakdown of the categories. What I would like to know is, in deciding to make amendments to the act, has consideration been given to other amendments, which could be made, rather than the ones that you did make?

The CHAIRMAN: I am sorry to interrupt, but you are getting to questions specifically related to Clause 1.

Mr. JOHNSON (*Kindersley*): Yes.

The CHAIRMAN: Let us have the general questions first, and then go on with the bill.

Are there any other general questions?

Mr. NICHOLSON: Mr. Chairman, before we go to clause 1, I have a question which Mr. Matte can probably answer. Prior to taking over his present work, Mr. Matte had a good deal of experience in moving people from sub-marginal lands, in southern Saskatchewan, to the north. I wonder if you could give some information as to the number of farmers who were moved, during that migration, and also any information that you might have regarding the areas in Saskatchewan—I am particularly interested in Saskatchewan—which, over the years since the act was established, have been qualifying for benefits year after year. Is it possible to determine what areas are considered to be sub-marginal, where people have been qualifying for benefits for a great many years?

This other question is probably not quite connected with the bill, but Mr. Matte was in charge of the P.F.R.A., in another capacity, when this re-settling was done. As I indicated the other day, 5,000 people have moved out of these areas in the last five years—that is, some of this land which was settled has been vacated because of flooding, and other reasons. I wonder if Mr. Matte has any information regarding the areas in Saskatchewan which should be considered as sub-marginal, both in the south and the north.

Mr. MATTE: Of course, you are going back quite a number of years. I can only rely on my memory. It was estimated, at the time, that about 10,000 farmers moved from southern Saskatchewan to the north as a result of the drought on the prairies. This has possibly nothing to do with this committee, and I am just speaking from memory, but we settled about 6,600 families under the loan scheme, which I was in charge of at that time.

By Mr. Nicholson:

Q. 6,600?

Mr. MATTE: About 6,600 families benefited under that loan scheme.

I will say this, however: when this question of crown lands, and this amendment in regard to crown lands was considered in the first place, these areas, where these settlers were placed, were not excluded from the act. The minister took care to see that the line drawn across was north of that land, and that these settlers were included under the provision of the act. That was all taken into account when the amendment was passed.

Mr. NICHOLSON: Mr. Chairman, what about the 10,000 families that moved from the south? Are those areas coming under this act year after year?

Mr. MATTE: Yes, definitely.

Mr. NICHOLSON: What negotiations have there been, if any, with the provincial government, in an attempt to reach decisions as to whether or not these areas should be included as pasture land, or something else, in view of the fact that back in the '30s it was considered to be impractical to keep farmers there? It appears to me that some authority should have a look at this if, for 20 years, benefits are going to be paid. If there were 10,000 people moved off that area, somebody should look at it, and decide whether benefits should be paid in that area year after year. What consideration has been given to that problem?

Mr. MATTE: You are going back in history, to some extent, but I will say this: these 6,600 some odd families, that were assisted on this land, were put on suitable land. Those lands were inspected before we put them on. Then, when the act was amended, excluding crown lands, these settlers were not excluded under that amendment.

As far as the other question you asked is concerned, in respect to whether anything is being done to re-settle these families elsewhere, these negotiations are continuously going on with the provincial government. If the province takes these people off this land, the province comes to the P.F.R.A. and ask them to include these lands in community pastures. That is the standard policy that is in effect. We have set up that policy in respect to the pasture at Ituna. There are other applications, that I cannot mention off hand, but there is some attempt being made to include these lands as pasture, and these families have not been excluded.

Mr. NICHOLSON: These 6,500 families were settled by Mr. Matte on what was considered good land at that time. But now, for a variety of reasons, a great many have moved off. I wondered if Mr. Matte would consider making some of this land come under the P.F.R.A. benefits. I realize that this is not in order, but Mr. Matte is in charge, and it seems to me that, since he was active in settling these areas some years ago, the boundaries for the P.F.R.A. should also be extended north, so that all the people who are farming could come within the benefits of the P.F.R.A.

The CHAIRMAN: I am sure Mr. Matte will give consideration to any suggestion made by the committee.

Are there any more questions?

Mr. BRYCE: I would like to raise the question again, that I raised in regard to the crown land problem of Manitoba.

I have a map here which was set up by the department, and the line is shown. South of that line you could take a section of land, and you could have a veteran settled on there, who comes under the act, because he is a veteran. You could have another fellow in another corner, who comes under the act because he had his land paid for before December 31, 1940. Then, you could have another fellow, who bought his land in 1941, but who does not come under the act. Has there been any consideration given to straightening that out?

Mr. MATTE: That is a question of policy, of course, Mr. Bryce. My understanding is, that the minister has that consideration under review. I think he made that statement in the house, did he not? However, consideration is being given to the possibility of amending that section of the act.

Mr. BRYCE: I am hopeful that something will be done.

Mr. MATTE: However, I am not competent to answer that, in view of the fact that it is a policy matter.

Mr. BRYCE: If somebody is paying for something which he in no way can receive benefit from, I do not think it is quite right.

Mr. JOHNSON (*Kindersley*): Just one final question in respect to these returns. I have just been checking to see if there was a possibility that one set of figures applied to a calendar year, and the other set applied to a fiscal year. Since the returns asked for the names of the employees, and the sums of money, I find that that is an impossible explanation. I can take, as an example, the directors. Listed here, for the year 1954, is the amount of salary, the amount of travel expenses, and then listed for the year 1955 is the amount of travelling expenses, and the amount of salary. So, it is impossible that one would be on a different basis from the other. In view of the fact that that explanation is not feasible, I wonder if an explanation—

Mr. CHAIRMAN: Mr. Johnson, we agreed to look into this matter. We have not got the sessional paper before us, and we have not got the form of the questions, nor the answers, so we cannot judge the matter now. However, it will be looked into, and you will have an answer, I am sure. So you need not worry too much about it.

Are there any other general questions? We will go on then to clause 1—this is section 3 of the act. Are there any questions on clause 1?

On clause 1.

Mr. JOHNSON (*Kindersley*): On clause 1, I would like to deal with the same point I raised on a previous occasion, and that is the possibility that the breaking down into categories of the payments has indicated that this legislation may not in fact give a 50 per cent increase. I took the figures in the annual reports on the percentage of townships which fell into the zero to four category in the last five years and I found that in 1951 16.4 per cent of the qualifying townships were in the zero to four category. The witness has previously given information that 8.5 per cent of these, according to their calculations, fell into the zero to 3 bushel category and I was interested to know what had happened in other years. I found in 1952 that there were 9.7 per cent of the townships in the zero to four bushel category and, allowing for the same variation, it would only be fair to assume that about 4 per cent would fall into the zero to four bushel category, because in the previous year there were 8.5 per cent in the zero to three category and 16.4 in the zero to four bushels category. In 1953 we had a similar case with 13.7 per cent falling into the zero to four category, which would be about six to seven per cent. In 1954 I found that 27.3 per cent was the figure and you indicated in your calculations that 18 per cent fell into the zero to three category. In 1955 I find that there are 22.3 per cent falling into the zero to four bushel category. You gave the information, I believe, that there was 26 per cent in the zero to three bushels category and I assume that you were including the flooded land in that, as zero to three bushels is the only way that the calculations could be made.

I think that this is a pretty important point. It indicates that there may not be as many people in this group of main categories to benefit from the increase in rate as we may first suspect on an examination of it. I do not want to be taken as being critical of breaking it down into three categories—I agree with Dr. Hope in what he has said, that it allows them to have the opportunity of getting into this in proportion to their crop; but I am saying that the amount of the increase is not sufficient for the category on the basis of the incidence of qualification which I have outlined. I think if you are going to break it down into categories and if people are going to benefit from it, the rate of payment should have been increased above that which is outlined in the act, of \$5 per acre—as is outlined in the clause of this bill.

I wonder if you could give us any information on what other categories you explored in determining what amendments should be made.

It was evident the other day, when we were requesting this information, that there had been another investigation made as to how these calculations could be made. What I am getting at is, what investigations did you make which made you think that breaking it down into these categories with those payments would be the best for the farmer.

Right Hon. Mr. GARDINER: Well, of course, we went into that the other day and decided that the first one should be nothing to three, including three, and then the second one was to be four to six, inclusive at both ends, four, five and six, thus leaving seven and eight for the top category—we examined that.

Mr. JOHNSON (*Kindersley*): You must mean three to six, do you not, Mr. Minister?

Right Hon. Mr. GARDINER: No, I mean inclusive in both cases, as three is included in the lower one and four to six was included in the center one.

Mr. JOHNSON (*Kindersley*): Well what happens to the three and a half?

Right Hon. Mr. GARDINER: Well that is all taken care of in the regulations—that is 3.1, as a matter of fact. Then we decided, after examining the statistics in connection with it, that it was more favourable to put six in with the top level and to have the centre category including four and five only. That all had to do with the amount we were going to increase for them and we thought it was better to add 0-3 in the first category, 4 and 5 in the second, and 6, 7 and 8 bushel in the third category. In this way about half the townships would be in the first two categories and about half in the third.

Mr. JOHNSON (*Kindersley*): I presume the statistics that you mention would be a consideration or a detailed analysis of the townships which have fallen into it, and the yield over the number of year—two, three, four, five, six, seven, and eight.

Right Hon. Mr. GARDINER: Yes, the final conclusion at which we arrived was that to do it the way we were doing it would mean an increase of approximately 50 per cent. That was our figuring of it. But of course, anyone knows how very difficult it would be to prove that one way or the other, because the years vary so much and you may require to have a ten-year period before you can be absolutely certain whether it works out at 50 per cent, 60 per cent, or 40 per cent.

Mr. JOHNSON (*Kindersley*): I wonder if the minister could provide this committee with the average yields in the number of years to which he has given consideration in arriving at this conclusion.

Right Hon. Mr. GARDINER: Well I gave those yesterday. I indicated that they were the years which we had already provided to the committee. We selected those years—I should not say we selected because the officials selected them after consideration, to get the relationship of what would happen as compared with what did happen before we had this.

Mr. JOHNSON (*Kindersley*): Surely you did not base your evidence on those three years that you gave us.

Right Hon. Mr. GARDINER: Those are the years which we thought gave us just about the average position.

Mr. JOHNSON (*Kindersley*): Oh no, Mr. Chairman, I have the evidence here—

Right Hon. Mr. GARDINER: Well that is all right if you want to express your opinion, but do not say it is wrong, because the officials figured it out that way.

Mr. JOHNSON (*Kindersley*): This is based on evidence. I do not say it is an opinion—it shows in the year 1952, a year which the minister did not give, it was only 9.7 per cent which fell into the zero to four bushel category and that would mean maybe four or five per cent fell into the three bushel category.

Right Hon. Mr. GARDINER: Well my hon. friend has to keep in mind that the act has been entirely changed since 1952—it is not the same act now at all. There was no flooding involved at all in the payments under the act as it was in 1952 and of course we have only had two years' experience with the act as it is—this is the third we are now in. I am suggesting that to go back further, for instance away back to 1939, when the act has been changed three times since 1939, would not be helpful at all in settling this question.

Mr. NICHOLSON: Mr. Chairman, the minister undertook to get us an estimate in terms of dollars and cents as to what would have been paid out in

the three years on which he made his calculations, under the terms of the new act. I wonder if he could now give us an estimate in dollars and cents as to what was paid in those years and what would have been paid out if the act had been as it is now, or will be after it is revised.

Right Hon. Mr. GARDINER: Well it would be very difficult to get the record of what it would be, because of what I have just stated—that up until 1954 the act was altogether different. To go back and check how much land was flooded back in those years, or was not flooded, is an impossibility.

Mr. NICHOLSON: I understood you did have an estimate based on some preliminary plans you had and, in connection with amendments which have not come to the committee, and that these had been revised to take into account what the payments to the farmers would have been for those particular years. I did understand that you undertook to get that since we met the other day.

Right Hon. Mr. GARDINER: Well I understand that is not so. I think the other day it was mentioned you would like to have that information; but then we took it for granted that when we made the explanation that this change in the act had been taken we had only gone back to the one year before that time, in order to get what the picture would look like at a time when we could pretty well estimate what the flooding would have been. The figure that we presented to you was the only one that we had and the only one that we used in connection with considering the present conditions for the amendment to the act.

Mr. JOHNSON (*Kindersley*): The year that would apply then would be 1955—that would be the year for all your calculations and the only one that would apply?

Right Hon. Mr. GARDINER: Not just to improve our case. We took the year closest to that where it was the approximate average of the preceding years, and we did try to get some picture on account of the flooding was at that time and, what the payment would have been if we had had these rates proposed in the bill at that time. And then we just took the years since the flooding as if they, the proposed amendments, had been in the act and reckoned from this what the increase would be under this proposal.

Mr. JOHNSON (*Kindersley*): Well I noticed you use the years 1951 and 1954 when this floodings act amendment was in—

Right Hon. Mr. GARDINER: 1954 it was the first year when rust resulting from rain was responsible for payment.

Mr. JOHNSON (*Kindersley*): Well, that means that 1952 and 1953 would not apply at all, and you have given yourself the privilege of using 1951 and 1954; how did that come about?

Right Hon. Mr. GARDINER: 1954 was the biggest payment year we had. This was caused by rain and rust.

Mr. JOHNSON (*Kindersley*): According to your annual report there is no payment for flooding in special category in 1954.

Right Hon. Mr. GARDINER: It depends upon whether you are taking the last half or the first half of the year, when you use those dates. My hon. friend knows that the first big precipitation year was 1954 and that was the rust year and also the year we paid out the \$32 million under the Act. Some of it, or most of it, was paid out in 1955. That is true, because we amended the act in that year partly to justify payments on account of rust which was in 1954.

The CHAIRMAN: Any other questions on clause 1?

Clause 1 agreed to.

On clause 2—*Blocks ineligible for award.*

Mr. QUELCH: In so far as section 6 (a) is concerned, the farmers would be far better off if they were left with the rectangular shape. I have had a lot of complaints from farmers who have suffered a total crop failure by residing within a township which had been declared eligible under the act and then they were taken out under section 6 (a). What has happened in this case was that the township had been declared eligible and it was found that there were perhaps four sections of land with a yield of around 15 or 16 bushels per acre, but they could not find six sections with a yield over 10. However, by taking the four with a yield of 16 they were able to include two sections of land with a total crop failure and still keep the yield above 10; and those two sections were taken out.

Now it is pretty hard to explain to farmers who reside within a township that is eligible why they should be deprived of the bonus, and when you make the area into an irregular shape, of course, it is far easier to take the farmers out on that basis than it is on a rectangular block. Last time this question was brought up, I moved this amendment, which I still think should be moved that, "notwithstanding anything contained in this section no section of land with an average yield of 5 bushels per acre or less shall be deprived of the bonus under section 6 (a)". That would at least ensure the farmers that they would not be deprived of a bonus once their township had been declared eligible, if they had a total crop failure. I think there is some justification for that amendment—maybe not five bushels, maybe it should be four bushels; but I think it is a wrong principle, once you have declared a township eligible, to deprive the farmer of a bonus when he has had a total crop failure.

Right Hon. Mr. GARDINER: The way the act is now of course, the failure is three bushels.

Mr. QUELCH: Well then, even if you make it three, no farmer with a yield of less than three bushels shall be deprived of a bonus.

Right Hon. Mr. GARDINER: It has just been called to my attention that it is a little difficult to say "any farmer". Sometimes the amount of land that is farmed by a farmer may be only 25 acres, and there is some objection taken to the fact that any farmer could do that. It might be preferable to say any section of land.

Mr. QUELCH: Well in the amendment I state no section of land with an average yield of three bushels an acre or less shall be deprived of a bonus under section 6 (a).

Right Hon. Mr. GARDINER: Of course, there are some people who would insist on doing the same in the other subsection. You see, the only way that we were successful in getting this in the first place—and we naturally have to deal with the treasury which makes the payments—that if you have the same provision made for taking out as you have for putting in, then it will be pretty well averaged.

If what you are suggesting was applied only to subsection (a) and not to subsection (b), you would break in on that balance. Would you have any objection to it being made applicable to both of them?

Mr. QUELCH: What would the limit be in the other one? It depends on how you put it; would a section of land with an average yield of over 20 be included?

Right Hon. Mr. GARDINER: I do not think it would be that high.

Mr. QUELCH: At the present time you pay a bonus on land which sometimes has a yield of 20.

Right Hon. Mr. GARDINER: We do not pay on land that has got anything on it. We pay on the condition of the whole area. A man may quite properly

have 20 bushels per acre. It all depends on how he farms and how much land he has under wheat. But I say that has not anything to do with payments. A man does not need to have any wheat, as a matter of fact.

By Mr. Nicholson:

Q. Could the officers indicate what percentage of complaints result from cases such as Mr. Quelch mentioned—where one farmer has been with practically no crop, and where a farmer who has been qualified with 15 bushels does qualify because he is in the area. Can the officers indicate what percentage of their complaints deal with cases of that sort?—A. I could not say what percentage; I would say that prior to the change made in the act a year ago—there was considerable complaint. The Act now says that a 6-A block must be contiguous to an ineligible area, not just an ineligible township; I think that has cut complaints almost in half or even more so. We do not get too many complaints now about the 6-A block. Previously a 6-A block could be surrounded by eligible sections both in the township in which it was located and in a 6-B block established in an ineligible township adjoining.

According to this change, the Act in order to take out a 6A block it must lie alongside sections which were not "in pay". Do I make myself clear? And that has reduced the number of complaints tremendously.

Mr. JOHNSON: (*Kindersley*): Would this contiguous block procedure assist flooded areas being able to qualify?

Right Hon. Mr. GARDINER: They do not come into it at all. They are not affected by it.

Mr. JOHNSON (*Kindersley*): You say they do not qualify even if their yield is less than average?

Right Hon. Mr. GARDINER: When you are considering a flooded area—the Act says 3,840 acres or more; it does not make any difference what shape it is, or what the crop round about it is.

Mr. JOHNSON (*Kindersley*): In determining the eligibility of a flooded area, do you take the average yield of wheat in that area?

Right Hon. Mr. GARDINER: No; it provides that if there are 3,840 acres which were seeded or summerfallowed in three out of the last five years, then payment is made. But it has got to be land which actually was in crop three years out of five to qualify it to be considered at all; and if it is flooded for only two years, out of the previous five it is paid.

Mr. JOHNSON (*Kindersley*): It would not be excluded by a case of where a farmer had a little plot of five acres with a yield of 40?

Right Hon. Mr. GARDINER: No.

By Mr. McCullough (Moose Mountain):

Q. I would like to support Mr. Quelch's idea because I think there is a great deal of merit in it. The fact that we have farmers being ineligible in areas where they have been taken out under section 6A—I would like to support his contention that there is a situation here which would result in unfairness and discrimination to some extent. I hope the minister will see fit to give consideration to the suggestion that where there is a farm lying in an ineligible township and there has been a 6A section taken out of it for eligibility, and you find where they include the farmer's returns having been less than 5 bushels to the acre of yield in that area, of bringing it up so that the section is not eligible. I do feel that it does place rather an injustice on that particular farmer or group of farmers. I think it might meet the minister's criticism to that suggestion if, rather than saying "farmer", the wording said "complete section of 640 acres".

One other thing I would like to ask the officials is this: where there is no eligible township, where you have under 6A a contiguous block being eligible and then you have another contiguous block, which would be eligible as a contiguous block to the township—to the eligible township, would you have to qualify presently under the act? Do I make myself clear?

First you have your eligible township and then you have your contiguous block, your rectangular block, next to the eligible township. Now you have another contiguous area in a non-eligible township contiguous to that eligible 6A section. Would it be eligible?—A. No. I think what you are getting at is this: that if a 6B block joins an eligible township, along the boundary of a 6A block, does this make the 6B block ineligible.

Q. No. I mean contiguous to a 6A block taken out of an ineligible township.—A. Yes.

Q. In that case the yield would be otherwise eligible simply because it is not contiguous to an eligible township, but only contiguous to an eligible block under 6A. Would it then be eligible in itself?—A. The eligible township is what governs eligibility there. The 6A block has nothing to do with it.

Q. I see the situation, but I do think in all fairness that it would be similarly correct to say that it would be fair to pay it to farmers who are contiguous to eligible 6A blocks even though they are not in an eligible township. I wonder if consideration has been given to that?

Mr. MATTE: They are eligible.

Mr. McCULLOUGH (*Moose Mountain*): That is the question I am trying to get elucidated.

Right Hon. Mr. GARDINER: It says that right in your "B" section in the last line, "as though it were a complete township; . . ."

Once it is let in as a group it is in. But as to the other suggestion made by the member for Moose Mountain that consideration be given to the suggested amendment, I think I would have to say that we will give consideration to it—at least, I shall give consideration to it and see that it is considered by the government. But I do not think I can undertake here in view of the fact that the bill has been considered in its present form to make provision for further payment. I would like to point out too, that what may result from what you are suggesting is that even the four sections would not get out or in if the idea were introduced into both (a) and (b).

Mr. McCULLOUGH (*Moose Mountain*): What is that again, please?

Right Hon. Mr. GARDINER: The illustration used by Mr. Quelch was that you have four sections, and you may have 15, 18, and 20 bushels to the acre within the 4 sections; and then in order to get it down below the number that is set in the bill you have got to take in two that are very low. Well I think that result would be, if you make it impossible to take them in, that the four would not be in a position to be dealt with at all. No matter whether you were attempting to put them out of (a) or in (b), it would appear that possibly such an amendment would not get the results desired in either subsection.

If you were to make it apply in (a) I think it will be argued that you must apply it in (b). If you applied it in both cases you would probably put more farmers out than you would put farmers in under it. So I think it should be carefully looked at before we decide.

I can give the committee an undertaking to discuss the matter with the government itself and see if it would be possible. And I say to the committee as I have during the past discussion that the only way I would be able to get the thing in is to apply the same principle to (a) as I would to (b).

Clause 2, 3, the preamble and title agreed to.

The CHAIRMAN: Shall I report the bill?

Bill agreed to.

Mr. JOHNSON (*Kindersley*): Mr. Chairman, when are we to have an opportunity to get the explanation which you said would be given on the discrepancy in these figures?

The CHAIRMAN: Oh yes. Can we not do that when the bill comes up in the house in the committee stage?

Mr. JOHNSTON (*Bow River*): I think it would be in order there, provided we have the same opportunity to ask questions as we have here.

The CHAIRMAN: Oh yes, in committee of the whole.

Mr. JOHNSON (*Kindersley*): The minister is aware of what I am saying. I wonder if he could give any explanation to the members of this committee on that same point.

Right Hon. Mr. GARDINER: What is the point, please?

Mr. JOHNSON (*Kindersley*): My point is that when the minister provided us with information on the number of field inspectors employed under the act the information he gave us showed 457, yet according to sessional paper 9-C brought down in the house there were 959. I notice the discrepancy there and it certainly does not seem to coincide with any information we have. I went through the list of names and I did not see any such names as "Daisy" or "Dobbin" or anything like that. In short, I do not see any horses names there so I assume they are all individuals who did work as P.F.A.A. field inspectors. If those figures are true—and I see no reason why they are not true—then I would comment that having a cost of \$483.64 it would appear to be low in that year, when it was \$710 in the previous year.

Right Hon. Mr. GARDINER: It would be proper to bring that up in the committee of the whole in the house, and I will get whatever information there is. I think there must be some confusion in the dates from which officials started to count it.

The WITNESS: What was the year again?

Mr. JOHNSON (*Kindersley*): 1954-55, and 1955-56.

The committee adjourned.

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(HOUSE OF COMMONS

Fifth Session—Twenty-second Parliament

1957

STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: RENÉ N. JUTRAS, ESQ.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 4
LIBRARY

APR 23 1957

UNIVERSITY OF TORONTO

Circumstances surrounding the destruction of the P. J. Rock and Son Flock

WEDNESDAY, APRIL 3, 1957

WITNESSES:

Dr. K. F. Wells, Veterinary Director General; Mr. J. W. Graham, Chief of Live Stock Division; Mr. Phillip J. G. Rock, Drumheller, Alberta.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1957.

ORDERS OF REFERENCE

TUESDAY, April 2, 1957.

Ordered.—That the said Committee be convened to meet tomorrow Wednesday, April 3, at 11.00 o'clock a.m., and that the charges contained in the speech of the honourable Member for Moose Mountain made in the House on April 1, 1957 (*Hansard*, pages 2923-26), be submitted to the said Committee for immediate investigation, and that the Committee report thereon during the present session.

TUESDAY, April 2, 1957.

Ordered.—That the name of Mr. Argue be substituted for that of Mr. Johnson (*Kindersley*);

That the name of Mr. Shaw be substituted for that of Mr. Patterson;
That the name of Mr. Robichaud be substituted for that of Mr. Michaud;
That the name of Mr. Tucker be substituted for that of Mr. Studer;
That the name of Mr. Gardiner be substituted for that of Mr. Weselak;
That the name of Mr. Richardson be substituted for that of Mr. Demers;
That the name of Mr. Lafontaine be substituted for that of Mr. Fontaine;
That the name of Mr. Bennett be substituted for that of Mr. Weaver;
That the name of Mr. Hanna be substituted for that of Mr. Decore;
That the name of Mr. Goode be substituted for that of Mr. Harrison; and
That the name of Mr. Bryson be substituted for that of Mr. Jones, on the said Committee.

Attest

LEON J. RAYMOND,
Clerk of the House

MINUTES OF PROCEEDINGS

House of Commons, Room 277,

WEDNESDAY, April 3, 1957.

The Standing Committee on Agriculture and Colonization met at 11:00 o'clock a.m. this day. The Chairman, Mr. René N. Jutras, presided.

Members present: Messrs. Anderson, Argue, Batten, Bennett, Bruneau, Bryce, Bryson, Cardiff, Charlton, Deslières, Dinsdale, Forgie, Gardiner, Gingras, Goode, Hanna, Harkness, Huffman, James, Jutras, Kickham, Kirk (*Antigonish-Guysborough*), Laflamme, Lafontaine, Légaré, Mang, Masse, Matheson, McBain, McCubbin, McCullough (*Moose Mountain*), Montgomery, Nicholson, Proudfoot, Purdy, Quelch, Richardson, Roberge, Robichaud, Robinson (*Bruce*), Schneider, Shaw, Smith (*Battle River-Camrose*), Stanton, Tucker, Villeneuve, White (*Waterloo South*). (47).

In attendance: From the Department of Agriculture: Dr. J. G. Taggart, Deputy-Minister; Dr. K. F. Wells, Veterinary Director General; Dr. R. B. Catt, Edmonton Sub-District; Dr. R. Connell, Lethbridge Veterinary Research Station; Mr. J. W. Graham, Chief, Live Stock Division, Production Branch; Mr. E. G. Brimacombe.

Also, Mr. Phillip J. G. Rock, of Drumheller, Alberta.

The Committee considered the charges contained in a speech of Mr. McCullough (*Moose Mountain*), in the House, on April 1, 1957 (*Hansard*, pages 2923-26).

On motion of Mr. McCullough (*Moose Mountain*), it was unanimously agreed that Mr. P. G. Clark, Assistant Director, Canadian National Live Stock Records, be called sometime during the Committee's investigation.

Dr. Wells was called, heard and questioned. And the examination of Dr. Wells still continuing, it was postponed to the next sitting of the Committee.

At 1.00 o'clock p.m. the Committee took recess.

AFTERNOON SITTING

The Committee resumed at 4:45 o'clock p.m. The Chairman, Mr. René N. Jutras, presided.

Members present: Messrs. Anderson, Argue, Batten, Bennett, Bruneau, Bryce, Bryson, Cardiff, Charlton, Deslières, Forgie, Gardiner, Gingras, Goode, Gour (*Russell*), Hanna, Harkness, Jutras, Kickham, Laflamme, Lafontaine, Légaré, Mang, Massé, Matheson, McBain, McCubbin, McCullough (*Moose Mountain*), Montgomery, Nicholson, Proudfoot, Purdy, Quelch, Richardson, Robichaud, Robinson (*Bruce*), Schneider, Shaw, Smith (*Battle River-Camrose*), Stanton, White (*Waterloo South*). (41).

In attendance: The same officials as are listed in attendance at the morning sitting.

The Committee resumed consideration of the charges contained in the speech of Mr. McCullough (*Moose Mountain*).

The examination of Dr. Wells was continued.

And the examination of Dr. Wells still continuing, it was postponed until the following sitting.

At 6:00 o'clock p.m. the Committee took recess.

EVENING SITTING

The Committee resumed at 8:30 o'clock p.m. The Chairman, Mr. Rene N. Jutras, presided.

Members present: Messrs. Anderson, Argue, Batten, Bennett, Bryce, Bryson, Cardiff, Charlton, Deslières, Forgie, Gardiner, Gingras, Hanna, Harkness, Jutras, Kickham, Kirk (*Antigonish-Guysborough*), Laflamme, Légaré, Mang, Massé, Matheson, McBain, McCubbin, McCullough, (*Moose Mountain*), Montgomery, Nicholson, Proudfoot, Purdy, Quelch, Richardson, Roberge, Robichaud, Schneider, Shaw, Smith (*Battle River-Camrose*), Stanton, Tucker, White (*Waterloo South*). (39)

In attendance: The same officials as are listed in attendance at the morning sitting.

The Committee resumed consideration of the charges contained in the speech of Mr. McCullough (*Moose Mountain*).

The examination of Dr. Wells was continued, and he was temporarily excused.

Mr. J. W. Graham was called, heard and questioned, and he was temporarily excused.

Mr. Phillip J. G. Rock was called, heard and questioned, and he was temporarily excused.

At 10:20 o'clock p.m. the Committee adjourned to meet again at 11:30 o'clock a.m. Thursday, April 4th.

ANTOINE CHASSÉ,
Clerk of the Committee.

EVIDENCE

WEDNESDAY, April 3, 1957.

11 a.m.

The CHAIRMAN: Order. The committee will now come to order. It is obvious that we have a quorum. First we shall have the order of reference read. I shall read from votes and proceedings for Tuesday, April 2:

That the standing Committee on Agriculture and Colonization be convened to meet tomorrow Wednesday, April 3, at 11 o'clock, a.m. and that the charges contained in the speech of the honourable member for Moose Mountain made in the house on April 1, 1957 (Hansard, pages 2923-26) be submitted to the said committee for immediate investigation and that the committee report thereon during the present session.

We have with us this morning Dr. Wells, the Veterinary Director General, Dr. R. B. Catt, who is in charge of the Edmonton sub-district, Dr. R. Connell, who I believe, is in charge of the veterinary research station at Lethbridge, Mr. J. W. Graham, who is the chief of the livestock division production branch, and there are on their way here Mr. Brimacobe and Mr. Rock. I believe they are now on an aircraft on their way here to Ottawa.

Right Hon. Mr. GARDINER: No, Mr. Chairman. They are between the aircraft and here.

The CHAIRMAN: The minister informs me that the aircraft has apparently landed at Ottawa and that they should be here fairly shortly.

If it is agreeable to the committee I think we might start by hearing the veterinary director general, Dr. Wells.

Agreed.

Mr. McCULLOUGH (*Moose Mountain*): Mr. Chairman, in addition to the witnesses to be called before this committee I move that Mr. Clark, an official of the Canadian National Livestock Records, be called and be asked to bring with him all correspondence in connection with P. J. Rock, with the slaughter of the sheep, and all correspondence with the health of animals branch, Department of Agriculture, in connection with this matter, and all registration certificates and applications for registration covering the flock of P. J. Rock.

The CHAIRMAN: If I might make a suggestion, I think that we might possibly start with these officials this morning and then have a meeting of the steering committee in order to decide if we need any more witnesses, because I imagine there may be other requests, and we would be in a position to decide after we have heard the first general presentation, if it is preferable to call other witnesses.

Mr. ARGUE: I think the committee is master of its own rules and procedure. Since the reference from the house has referred to a speech made by the member from Moose Mountain I think it is very much in order and the proper thing to do and the only thing for this committee to do—when Mr. McCullough makes a request that an official of the Canadian National Livestock Records be asked to appear before this committee to give what information they have on this particular matter that that request should be readily granted and that it should not be turned over to the steering committee.

I suppose after we hear all these witnesses, if the committee should feel—and if Mr. McCullough should feel—that there was no point in calling others, then we would not call them. But I do submit that the request which has been made should be readily agreed to and not turned over to the steering committee.

The CHAIRMAN: I want to make it clear that I was not in any way refusing the request of the hon. member. I was just making a suggestion to expedite the business of the committee. It is our usual practice. But I have no objection; it is up to the committee. Of course the committee is always the master of its own organization and procedure. I was just making a suggestion and not in any way trying to detract from Mr. McCullough's suggestion. It just occurred to me that there might be other requests. The practical way we have always followed has been to refer these matters first of all to the steering committee. If there is a motion before the committee now, it is in the hands of the committee. I just made a suggestion that this would be an improvement.

Mr. McCULLOUGH (*Moose Mountain*): Because of the evidence to come before the committee, Mr. Chairman, I think that the committee will continue in session without interruption to hear the various witnesses, and in order to substantiate the rumours which I have intimated in the house are prevalent throughout the contry, I would want to have an official of the Canadian Live-stock Records appear before this committee.

The CHAIRMAN: Let me say right away—

Mr. McCULLOUGH (*Moose Mountain*): Just a moment, please, I feel that the reason for this is that the minister I presume, has suggested that these officials of his department be called. I have no objection whatsoever. In all probability they would be called on behalf of members of my own group or of other groups. So I hope that in order to have a continuation of the witnesses before this committee, sir, that you are not ruling out any subsequent witnesses that might be called before this committee. I am just suggesting in order to expedite matters that we have these witnesses at an early stage in this hearing, and that you will see fit to put that motion, if it is in order.

Mr. HARKNESS: Mr. Chairman, I do not think there is any use for this committee to meet and to have this investigation unless all witnesses who have relevant information to give are called. I do not think there would be any question on the part of the committee of their excluding anybody who might have evidence which would throw light on this particular question. As a result I hope that any witnesses requested by any hon. member, no matter from what part of the house he might come, will be called.

Right Hon. Mr. GARDINER: Perhaps I might say a word. I stated yesterday in the house that any witnesses who were desired would be heard here. There is no question about that at all. There is no reason for any argument about it. Mr. Clark will be called just as has been suggested. That was the first suggestion we had from anyone as to the thought that anyone be called. Mr. Clark will be called!

There is only one question and that is with regard to what he brings with him. You may find in a few minutes that most of it is here already and tabled to the extent that I do not suppose you would want it to be brought again. But there is no question that all information in possession of the department which other members may wish, will be brought here.

Mr. QUELCH: I do not need to say anything except that in view of the fact that charges were made in regard to registrations, I think it is absolutely essential that the requests made by Mr. McCullough be accepted.

Agreed.

Mr. HARKNESS: I have one other question. Because of the congestion in this room and the fact that the air here will soon become very bad, I suggest that we hold our meetings in the railway committee room where there is much more room.

The CHAIRMAN: If that is agreeable to the committee let us move to the railway committee room at this point.

Mr. HARKNESS: Yes, I suggest that we do that.

(The committee adjourned to the railway committee room). Upon resuming.

The CHAIRMAN: I am given to understand that they will bring us ashtrays after a little while. Is it agreeable now to hear from Dr. Wells?

Dr. K. F. Wells, Veterinary Director General, Health of Animals Division, Department of Agriculture, called:

The WITNESS: Mr. Chairman, my name is Kenneth Frank Wells. I was born in Manitoba in 1914. I graduated from the Ontario Veterinary College in 1938.

My qualifications, in respect to your advice that they be given, are as follows: following graduation I was employed for a short time as assistant to a general practitioner in the field of veterinary science. I spent a year following that as a lecturer at Macdonald College, Ste. Anne de Bellevue, and I acted as veterinarian for the college herd.

In the late winter of 1939 I joined the staff of the health of animals division as a veterinarian, and I spent some time in going through the usual jobs of a new veterinary inspector in the division. It consisted of training, meat inspection, and field work.

In 1945 I was transferred to the poultry division of the production services, to establish throughout Canada a national system of sanitation and controlled inspection and hatchery supervision.

In 1947 I was transferred back to the health of animals division as associate chief veterinarian. Subsequently in 1952 I was made chief veterinarian, during which time I was in charge of the operations in Saskatchewan with respect to foot and mouth disease; and in February 1955 I was promoted to my present position.

With respect to the disease known as scrapie, which is the subject of this meeting, scrapie is a very old disease having been known in the United Kingdom and in France—but primarily in the United Kingdom—for at least 200 years.

It has only been in recent years that research work has begun to throw some light on the actual disease itself. But in spite of the concentration of research work on scrapie in recent years, it still must be regarded in so far as factual science is concerned as a very mysterious disease.

It is assumed that it is caused by a virus. It is assumed so because it can be transmitted—not too easily—but it can be transmitted by inoculation and by infected brain and spinal cord material from a sheep which has died from the disease.

The incubation period of the disease is extremely long. Even in artificial transmission such as I have described, the incubation is still many months; and in natural transmission, it can run anywhere from eighteen months to three years. Occasionally it has been assumed to exceed three years. I say assumed to exceed three years because the actual manner of natural transmission from one sheep to another is not clearly understood.

The disease is a chronic meningo-encephalitis which attacks the base of the brain or the medulla and the spinal cord. It is first characterized by a twitching of the ears and a twitching of the legs. Muscular incoordination slowly develops. There is rubbing of the skin. The sheep are inclined to rub continuously against such things as fence posts or the corner of a stable or barn, and in doing so they rub a considerable amount of wool from their hides. In fact they get to the point where they prefer to scratch rather than eat. So they become emaciated, and in the later stages they become totally paralyzed from the twitching and the incoordination, and they lie down and die. The result of scrapie is always death, in so far as we are able to say. While there is some indication developing in science today as a result of increased research work that there may on occasion be a recovery of the animal, this is entirely a new thought and it has not in fact been substantiated. It is at this moment merely a supposition.

I think you will see from this that there is no vaccination which has been developed for scrapie. The diagnosis of it is extremely difficult, and the diagnosis cannot in fact be made to any thorough extent until a pathological examination is performed following death. And in order to do that a proper diagnosis must be made from a microscopic and histopathological examination of the brain which must follow death under disease circumstances.

That is to say, a sheep exhibiting symptoms of scrapie, and killed, does not give you a proper examination because it takes a long time for neural degeneration to take place in order that a natural diagnosis can be made. Confirmed diagnosis is dependent on the extent of clinical symptoms of the sheep which are common to the disease scrapie, together with the histopathological findings indicating neuro vaciolization. Some portion of the brain or medulla must be taken from the spinal cord.

Considerable work has been done in the United Kingdom on scrapie. Dr. Gregg and Dr. Gordon are the two research officers who have done the most in this field. In addition some work on it has been done in France. The work under Dr. Gregg indicates that the disease can be transmitted from sheep to sheep in pasture, but there is some suggestion that these experiments cannot be accepted as bona fide, with the result that the actual transmission from sheep to sheep has not been totally proven. There is the suggestion, of course, that the disease may run in a hereditary line. I would hesitate to say that the disease itself is hereditary, but there is some suggestion it may run in a blood line. This has not been totally proven.

In addition to the work that is being conducted very extensively in the United Kingdom, the animal pathological section of the health of animals division here are expanding their work on scrapie and have been doing so in recent years.

I think that is a sufficient description of the disease. I am prepared to answer any questions.

May I now proceed to the Rock story. Mr. P. J. Rock and son have been breeders of Suffolk sheep in the Drumheller area for many years. I do not know the Rock family although I have met both Mr. P. J. Rock and his son on occasions at the Royal Winter Fair and at other places where they have been exhibiting their stock. Of course since the development of the Rock story I have met them on a business basis.

On March 26, 1954, Mr. Rock reported to our district veterinary officer in Calgary, Alberta, that he had received information from a sheep breeder in Connecticut, United States, that scrapie had been diagnosed in two sheep which those people had bought, not directly, which had originated from the Rock flock. These sheep had passed through another dealer's hands. The first report which came to us officially from the United States with respect to this was

received on April 15 from the agricultural research service of the United States Department of Agriculture at Washington. Upon receipt of the information from the district veterinary officer on March 26, 1954, that this information had been received by Mr. Rock, the Rock flock was quarantined under the provisions of the Animal Contagious Diseases Act on suspicion of scrapie.

The quarantine is designed and used extensively merely as a holding weapon until the flock can be examined and it can be determined whether there is justification for continuing to hold the flock under suspicion.

By Mr. McCullough (Moose Mountain):

Q. Would you give us the date of the quarantine?—A. March 26, 1954.

By Mr. Harkness:

Q. That was before you had the complaint from the United States authorities?—A. Yes. That is the same date on which the district officer from Calgary reported to us that Mr. Rock had in turn reported to him. Mr. Rock first reported the condition to us immediately he received the information from the United States. All the sheep on the Rock premises were examined at the time the quarantine was established on March 26, 1954. There appeared to be no evidence of scrapie, that is no clinical evidence in this flock at that time. The flock was again examined on April 7, 1954, and three ewes were taken to the division of animal pathology and research experimental range station at Lethbridge.

On May 5, 1954, the animal pathology division reported there was no evidence of scrapie in those sheep which had been taken to their premises. In fact the ewes which had been exhibiting some evidence of sickness which might be construed to be the early developing clinical symptoms of scrapie were improving and getting over the condition which would indicate the disease was not scrapie, because as I have said the ultimate end of scrapie is death. The same thing applies, of course, to rabies. In the case of rabies if an animal is suspected of having rabies, that is if there is clinical evidence of it, the dog is quarantined for ten days and if the animal has rabies it will be dead and if not it will be alive. The same thing applies to scrapie.

Q. What was done with these three ewes at Lethbridge?—A. They were held there under observation. We did not own the ewes.

On receipt of information from the United States that these two ewes which were supposed to have originated from the Rock premises had come down with scrapie, two officers from the department were sent to Washington to investigate the matter and to ascertain if it was in fact possible to establish definitely that these ewes did come from the Rock flock. The ewes had passed through at least one dealers' hands and the identification tags of the ewes had been lost. We are not aware of the circumstances under which the tags were lost, but the United States authorities told us it was not possible for them to establish identification by actual ear-tags. Therefore, the suggested identification of the sheep as having originated from the Rock premises was totally upon a process of elimination. That is, that this man had bought so many sheep from Rock and he had delivered so many of them to a certain person and so many to others and the two had been sold to this particular man in Connecticut, resulting in this process of elimination. What one might term as circumstantial evidence had resulted from the fact that the United States authorities decided that these sheep came from the Rock premises.

Q. Did these sheep carry registration papers with them?—A. Yes, I would assume that. They had the registration papers; but without identification of the animal, the registration papers are no better than any other piece of paper.

By Mr. Argue:

Q. What is the type of identification?—A. There are two. One is an ear tag in the sheep's ear and the other is a tattoo. Normally with Suffolk sheep, which is a black-eared sheep, tattoos are not generally used.

Mr. GOODE: Mr. Chairman, I would suggest that Dr. Wells be allowed to give his evidence. We have the capability of taking notes. When the time comes each one of us can then have permission to ask questions.

Agreed to.

The WITNESS: The two officers who went to Washington received the story which I have just told you. The only proof we could establish that these were in fact Rock sheep was, as I have said, circumstantial and based on a process of elimination. We were not altogether convinced particularly because of the fact that the Rock flock was at that very moment under observation—I should say that the officials of the department, including myself, were not at all convinced—that this identification by process of elimination was entirely satisfactory. Yet there was nothing we could do about it because in fact the United States authorities had made up their minds. I say in all sincerity their minds had been made up in a completely bona fide unbiased manner. However, because of the suggestion and because of their conviction that these sheep had come from the Rock flock the United States authority decided it would jeopardize the sheep industry in the United States if more importations of sheep were permitted from the Rock flock. They therefore advised they were not placing any embargo against sheep from Canada, nor were they suggesting that they would in any way refuse sheep from Mr. Rock, but rather they simply suggested they were not in a position to provide inspection of Rock sheep when they were presented at the border for entrance into the United States. This in effect prohibited Mr. Rock from selling sheep in the United States.

We were prepared following the lifting of the quarantine to certify as healthy sheep from the Rock flock for export to the United States. As a result of our examination during the quarantine and as a result of the examination of the sheep which were sent to Lethbridge we could find no evidence which would lead us to believe there was scrapie in that flock in spite of any suggestion that the sheep in question had originated from that flock. The temporary quarantine put on the Rock flock prohibited Mr. Rock selling any sheep during the period they were under quarantine. That period, as I have just mentioned, was March 26, 1954, until May 10, 1954. Therefore while he was under that temporary quarantine his entire operation as a sheep breeder was stopped insofar as selling sheep was concerned. This is a serious thing not only in connection with Mr. Rock, but also the application of any quarantine because of suspicion of disease is a serious thing and one cannot justify from a disease point of view the maintenance of a quarantine on any farmer's premises if one cannot be satisfied that there is sufficient suspicion, or justification for suspicion, to keep that quarantine there and in effect put the man out of business.

Nevertheless the United States authorities suggested they would not provide inspection for Mr. Rock's sheep if they were presented for entry into the United States and he was entirely eliminated from selling in the United States which had up until that time been perhaps his most lucrative market.

Inasmuch as there was no evidence, insofar as we were concerned, Mr. Rock was free to sell his sheep anywhere in Canada after May 11, 1954.

Late in April, 1954, the health of animals division was provided with lists of sales from the Rock flock and veterinary officers of the division visited all the premises to which Rock sheep had been sold so that we would be in a position to examine the sheep originating from the Rock premises and the sheep which

had been in contact with the others in order to ascertain if there was any other evidence of scrapie. There were visits made to 142 premises. There were 8 made in British Columbia, 82 in Alberta, 20 in Saskatchewan, 25 in Manitoba, 6 in Ontario and 1 in New Brunswick. From these 142 visits there was no evidence of scrapie uncovered. In addition to that lists were supplied to the United States from Mr. Rock indicating sheep which had been sold to various premises in the United States. I understand the United States authorities in turn visited the premises to which the sheep had been sold, although I have no evidence to present on that.

The Rock flock was checked at intervals. It is customary that visits be made to the premises to examine the sheep and to consult with Mr. Rock with respect to a possibility of any developing symptoms. Early in October, 1954, three rams on the Rock premises were noted to have what may or may not be suspicious clinical symptoms of scrapie. These sheep were kept under observation on the Rock premises and because of a continuing suspicion—although there was not still sufficient evidence to justify the severe limiting of a man's business interests by quarantine. On December 14, 1954 it was decided, because of these three rams which were continuing to exhibit minor clinical symptoms which might be suspicious of scrapie, that the premises would again be quarantined. The premises were quarantined a second time on December 14, 1954. On December 17, 1954, 4 sheep, 3 rams and 1 ewe, which were exhibiting minor indications that they may be coming down with the initial stages of scrapie, were sent to the Lethbridge laboratory. On January 11, 1955, the ewe which had been sent to the laboratory died. The brain and the spinal cord were removed and sent to the animal pathology division in Hull where most of our pathological examination work is done. The brain and spinal cord were removed and sent for pathological examination. The result of this examination was negative in that no vacuolization could be discovered to indicate that the ewe had been suffering from scrapie. The ewes which had been sent to Lethbridge regained their health without any untoward circumstances and on January 24 the animal diseases pathology division advised there was no evidence which was typical of scrapie in the three rams. That information, together with the negative histopathological report on the ewe which had been forwarded to the laboratory, again indicated we did not have sufficient evidence upon which one could continually keep the Rock flock under quarantine. Therefore on February 4, 1955, the flock was again released.

Following February 4, 1955, periodic re-visits were made to the flock for general observation. In fact, 18 visits were made between February 4 and October 18, 1955. On December 2 a periodic visit was made and it showed one sheep which was again clinically suspected of having scrapie. This sheep continued to develop or to show more symptoms of scrapie with the result on December 9, 1955, the sheep was sent to the division. It was in fact received at the division of animal pathology on December 9.

By Mr. Argue:

Q. Was that the division here?—A. Yes, sent to the Hull laboratory where histopathological work must be done. The sheep continued to live at the laboratory, although losing weight continually, and developing some symptoms of scrapie. On January 18 it died. When histopathological examination was finished, it proved to be positive. In other words, the clinical evidence, and the general debility of the sheep, together with the rubbing of the skin and the twitching of the ears and lips, and finally the sheep lying on its side and kicking its feet, and unable to stand, and without coordination, together with the neuron vacuolation indicated from the pathologist's point of view, this sheep exhibited all of the cardinal and text-books signs, which could be attributed to scrapie, and must, of course, be considered as positive.

As a result of this positive diagnosis, it was realized that action would have to be taken, and advice was quickly sought as to whether we could order this flock destroyed, under the provisions of the Animal Contagious Diseases Act. The answer to that request was, "yes", and that we could proceed and order the flock destroyed under the provisions of that act. On January 24 the flock was put under quarantine, with instructions that it be destroyed.

Immediately the flock was put under quarantine, to be destroyed, it was necessary to make arrangements for a valuation of the flock, in accordance with the provisions of the act. The help of the livestock division of the production service was requested in valuing the flock, and departmental officers were sent to the Rock premises. They arrived there and started to value the flock on February 1, 1956. The valuation of the flock was completed, and it was realized, when arrangements were being made for the destruction of the flock, that there probably would be, in this flock, which comprised a considerable number of sheep, some evidence which would be of value to the research officers in their work, in an effort to determine if there was not some way that advance notice could be had of sheep coming down with the scrapie.

In other words, what we lack in regard to scrapie, is a diagnostic test which will indicate to us that a sheep has scrapie before it is dead, or before it has to die of the disease.

It was arranged that the division of animal pathology would attend the slaughter of the sheep, along with the divisional officers concerned directly with it, and obtain specimens from all of these sheep.

The ground was frozen at this time, of course, and it was difficult to dig a hole. However, arrangements were proceeded with, following the valuation, to have the necessary equipment there, from the division of animal pathology, where the collection of the brains, blood, spleens and genital organs, were needed, together with containers for such material, and for the identification work. Arrangements were made to bring in heavy digging equipment to dig the hole through the frost in the ground.

All of these arrangements were completed. The slaughter of the flock was commenced on February 27, and was completed on March 2. The actual slaughter operations were under the direction of Dr. Catt, from Edmonton, who is the supervising veterinary officer of the health of animals division in the northern part of Alberta.

In the process of evaluating the sheep, of course, all the sheep had to be identified. This identification takes place by the ear-tag in the ear, which must correspond with the pedigree, or a tattoo in the ear, which must correspond with the pedigree. Young lambs, which may not be registered at the time—this is shortly after birth—applications, of course, must be made out immediately for their registration, and they too must be identified with an ear-tag.

When arrangements were ready for the slaughter, it was decided that perhaps the most humane way to destroy the sheep was by electrocution. Arrangements were made to have electrocution equipment there available, and the sheep were electrocuted. The ear-tag number was checked off with the lists which had been made at the time of the valuation. Following the checking of the ear-tag, the sheep was then electrocuted, and the sheep was then moved on to the butcher, or so-called butcher. Actually he was, in fact, a meat inspection assistant, employed by the Department of Agriculture, and transferred into Drumheller for this very purpose. He started to remove the skull, of course, in order that the pathologist could get at the brain. At the same time he did this he removed the ear-tag from the ear, and handed that ear-tag to the clerk from our Calgary office, Mr. Brimacombe, who was keeping the records for them. So that the ear-tag was read for identification, and Mr.

Brimacombe marked it down as it was read, and then the ear-tag was cut and handed to him, in order that he could check it to make certain that the number read was the actual number of the tag.

The specimens necessary for the division of animal pathology included the brain, or the base of the brain, together with the spleen, or a part of the spleen, blood samples from each of the mature sheep, and the genital organs, wherever necessary were removed at this time and then the sheep, with any organs which were left over, which were removed and not wanted by the department, were then put into the pit and destroyed. The entire pit and slaughter operation was under the direction of Dr. Catt. The ear-tags were then used to identify the specimens taken from the sheep, to where the division of animal pathology were working and bottling the specimens. At that time the ear-tag number was again checked, and written on the bottle, or attached to the bottle containing the specimen, in order that one would be able to check to make certain that the brain, blood sample, spleen, and where necessary the genital organs, were in fact from the one animal. It is necessary to have this close identification, if one is to do research work, because it was hoped that one might be able to trace back through blood lines some processes of scrapie. If we had an ear-tag, of course we had the blood line through the pedigree identification.

I come now to the close of the Rock story. Following that slaughter when all the sheep on the premises—all the sheep on the Rock premises, identified by ear-tags or tattoos, and lambs with pedigrees or applications for registration—all newborn lambs—were electrocuted and put into the pit and buried. All the sheep on the Rock premises were buried after complete and satisfactory identification.

I think there is little more I can add, sir, except, in conclusion, with respect to this operation, I have naturally read Hansard, and I would like to submit, to you, correspondence between the office of the director of production service and Mr. Rock, relative to compensation, and evaluation of the flock. That, sir, is the correspondence which is, as I have said, relative to the matter.

Secondly, I would like to present to you, in their entirety, the registration certificates, each and every one, for the sheep previously owned by Mr. Rock and now buried. In addition to that, along with these, are requisitions for cheque payments covering these sheep.

In these registration certificates, you will note, if you examine them, that in addition to the actual certificate—can you see that—which is the original certificate issued to the breeder by the livestock record—I must tell you, of course, that the health of animals division does not pay compensation for any animal reputed to be a purebred, unless the registration certificate for that animal is turned over to us, and is registered in the man's name, who is getting the payment for it, or a transfer paper signed by the original owner, to the man who is getting the payment. These certificates are kept and of course must accompany the health of animals division compensation requests, to the treasury office. So these certificates, ever since payment was made, have been in the hands of the treasury office and we borrowed them from the treasury officer, Mr. Anderson, at 8.30 o'clock this morning, in order to bring them here.

I have said, a number of lambs were born, of course, following evaluation, and some had been born prior to evaluation. There was not time to get all of these lambs registered. It was agreed, upon checking with the Canadian National Livestock Records, that if Mr. Rock would prepare an application for registration of these lambs, these applications for registration would be submitted to the Canadian National Livestock Records, and if they approved of them, in other words, they decided that this animal was eligible for

registration, we would pay on the basis of a registration, rather than go to the trouble of having them registered. Each one of these applications for registration is stamped, by the Canadian National Livestock Record, February 20, 1955, and on the bottom is typed, "eligible for registration. Certified correct B. McCord, registrar". If we were willing to pay the 50 cents, or the dollar, that is required for each registration, we could submit these applications, at any date—in spite of the fact that the sheep are dead and buried—to the Canadian National Livestock Records and they would be quite happy to issue pedigree papers for each and every one. It seems unnecessary, from our point of view, to spend money, having them registered, when this has been accepted by them.

I might point out, while perhaps it is not my concern, that it will be impossible for any officer from the Canadian National Livestock Records, to bring with him the pedigrees for the Rock sheep, because these are the pedigrees for the Rock sheep.

Mr. Chairman, I can give to you these pedigree certificates. It is not for me to say, obviously, how long you can keep them, or what you do with them. I can merely tell you that I have borrowed them from the treasury office, with my personal promise that I will return the certificates to them.

By Mr. Argue:

Q. How many actual registration certificates have you as opposed to the applications? How many have actually been processed, and how many of those certificates are there?—A. You mean how many registration certificates as opposed to applications for registration?

Q. Yes.—A. I suppose Dr. Moynihan could get busy and count them, if that is all right with the chairman. I have not counted them.

Thirdly, Mr. Chairman, I had hoped at this time to be able to present to you all of the ear-tags removed from the Rock flock. We were not sure whether we could find them or not, but fortunately they had not been thrown out, and they were found in the Calgary office. We have arranged to have those in here. I presume that, perhaps, the plane is late, although we had expected them to be here by this time. They certainly will be here some time this morning, and I will be pleased to hand over to you all of the ear-tags that were taken from the Rock flock.

In respect to these ear-tags, there has been some suggestion, as I read in Hansard, of skullduggery. I can suggest that you can examine these ear-tags and ascertain if they have been tampered with, in order to remove them from the sheep. Certainly any form of skullduggery would simply imply that there had been connivance, and that the ear-tag had been removed from one sheep and put into another sheep. I think one may look at the ear-tags—I am quite frank, and I hope I am not taking a chance, because I have not seen those tags but, I am certain that an examination of them will indicate that there is no evidence that they have been tampered with.

In conclusion, sir, may I again refer to the skullduggery, and this again may not be my place, and I do not know specifically to whom that refers, but on behalf of the veterinary officers of the health of animals division, I think, sir, that I must tell you, as the officer in charge of the health of animals division, that I have complete and utter confidence in the integrity of every officer of that division.

Some Hon. MEMBERS: Hear, hear.

The WITNESS: I should certainly be more surprised than anyone else if it were possible to prove to me, or to anyone, that any officers of the health of animals division had connived in any way to defeat the Department of Agriculture, the government of Canada, or in fact Mr. Rock. It is my honest

opinion, sir, that all officers of the department, engaged in this work, have done their utmost to be honest, fair and just, to both their employer, and the public. Thank you.

The CHAIRMAN: Before we go on, in view of the fact that these certificates are in the personal care of the witness, possibly those members of the committee who wish to have a look at them, had better do so immediately following the meeting. We will not be able to keep them in our possession, although, Dr. Wells could probably bring them back at the next meeting. As far as these letters are concerned, they will be left with the clerk, and anyone who wishes, can have a look at the letters, and make a copy of them if they so wish. I do not think it would be the wish of the committee to have these printed, because they are thoroughly lengthy. Anyone who wishes can come over and have a look at them.

Mr. GOODE: Mr. Chairman, before you make that decision, I would like you to ask Mr. McCullough whether he agrees with that arrangement, in regard to the certificates.

Mr. McCULLOUGH (*Moose Mountain*): I am sorry, I was not listening.

The CHAIRMAN: I made the suggestion, with regard to these papers, which are really in the care of Dr. Wells, who is personally responsible for them, that anybody who wanted to have a look at them should do so after the meeting, because he will take them with him, and quite possibly bring them back, if there is a later meeting. As far as these letters are concerned, they will be left, and tabled with the committee, and anybody who wishes can have a look at the letters. I asked the committee if this was agreeable, and I took it that it was.

Mr. McCULLOUGH (*Moose Mountain*): I am perfectly agreeable to that, Mr. Chairman, although the gentleman is now counting the actual registrations, and counting the applications for registration. I think when we have that information available to the committee—other than perhaps having one of these completed registrations as an exhibit—that is a completed document of registration—perhaps, I will have no other quarrel.

The CHAIRMAN: Any questions of the witness?

By Mr. Argue:

Q. Mr. Chairman, I have some questions here, merely for the purpose of getting some information. I do not have any charge to make myself, however, as I see it, the purpose of the committee, is to clear up the widespread rumour and suspicion, shall we say, that has been referred to by Mr. McCullough.

The last time we were discussing contagious diseases was at the time of the outbreak of foot and mouth disease. I think all the members of the committee at that time learned a great deal, and if I might say so, I think some of the officers, appearing before the committee at that time, picked up some information themselves, as the proceedings went along. I am not questioning you as an expert but as somebody who is not acquainted in this particular field. But could you tell us how serious the disease scrapie is considered as a contagious disease both in Canada and in other countries? Is it usual in Canada and in other countries that once there is a suspicion of it or once it is diagnosed, the animals are slaughtered?

Mr. GOODE: Mr. Chairman, on a matter of privilege, before the question is answered; both Mr. McCullough and Mr. Argue said this morning that their questions were based on rumours. My information is that they are based on something entirely different. Mr. McCullough said at page 2923 that he was inclined to believe the rumours. He said in the house "I am inclined to believe those rumours", I think that is a serious charge to make.

Mr. McCULLOUGH (*Moose Mountain*): Mr. Chairman, I think this committee would want to clear the air and to clear up the parties involved from the persistent rumours which I mentioned in the house. If it does that, I think it will have performed a very good thing. I am concerned, as I indicated in the house, because I myself belong to the Canadian Hereford Livestock Association. I think it is a bad thing, sir, for any rumours to persist in the purebred industry of this country. Secondly, if rumours persist that there could have been substitution in regard to this flock, then it is something that I am sincerely interested in having cleared up.

I have been very interested in Dr. Wells' statement here today. I hope he will give the committee and me some credit, as a member of parliament, for feeling as I do that here there was a payment of \$100,000 paid to one single individual for the destruction of his herd. We are responsible members of parliament. When rumours persist, I think we should try to have them cleared up.

I do not think it is fair and I do not think it is reasonable otherwise. The members of the committee want to be clear on the matter and to have those rumours substantiated. I say they have been persistent. I made a speech in the house last year. It was brought up again by the member for McLeod, I think, Mr. Smith, here, who is a member of another political party, and by Mr. Charlton, in the house last year. As a matter of fact I think he was the first one to say that there was a persistent rumour. And Mr. Charlton of course is a veterinarian.

My purpose in bringing this up is purely and simply to try to get to the bottom of this matter. As you know, I made a statement having to do with registrations and that I didn't think the minister could produce the registrations. I am going to let the matter stand at the moment and ask Dr. Wells some questions.

The CHAIRMAN: Just a moment, before we go on to the questions I think Mr. Hanna has something to say.

Mr. HANNA: In order to help ourselves to get to the bottom of this, I wonder if the hon. member will tell the committee why he said he was inclined to believe the rumours. He may have some information which we do not have. I would like to know what it is.

Mr. SHAW: Mr. Chairman, I suggest that it is not a proper question. I may secure certain information which may be proven to be wholly false. Yet, on the basis of that information there may be rumours which I would feel inclined to believe. Therefore I submit that it is not a proper question at all.

The CHAIRMAN: It is something for Mr. McCullough to answer.

Mr. McCULLOUGH (*Moose Mountain*): Mr. Chairman, I have already asked a question of Dr. Wells.

The CHAIRMAN: I think Mr. Argue has the floor.

Mr. ARGUE: I do not mind yielding it, Mr. Chairman.

Mr. GOODE: We are still speaking on a question of privilege, Mr. Chairman. I may be subject to correction but I believe Mr. McCullough must accept responsibility for the statement he made in the house. The speaker has told the house many times that members of parliament must be responsible for what they say on the floor of the house. Therefore I think Mr. McCullough—perhaps I may use these words—should be gentleman enough to say to this committee now that he accepts responsibility for the statement he made in the house.

Mr. ARGUE: That has nothing to do with this at all.

Mr. McCULLOUGH (*Moose Mountain*): As far as the statement I made in the house is concerned, I am responsible for it.

Mr. GOODE: That is all I want. You have answered my question.

Mr. McCULLOUGH (*Moose Mountain*): Fine!

By Mr. Argue:

Q. I think Dr. Wells is now ready to answer my question.—A. You asked me about the relative importance of scrapie economically as a disease?

Q. Yes.—A. It is an extremely difficult question to answer. The relative importance, economically, of the disease is based on a number of factors. First of all, there is the morbidity factor. The disease must be compared with the mortality of the disease. Some diseases with a high morbidity represent a loss of weight, a loss of food, a loss of care, and a loss of time. They will cost the individual and the country more than diseases which have an extremely short duration but a high mortality, because you have to put more time and care and money into their growing. In addition to that, there is another factor which has a considerable bearing on the economic importance of the disease to the country. It is due to what other countries think of the disease.

For example, the attitude towards scrapie in the United Kingdom is that while it is a bit of a nuisance, yet economically they have not considered for 200 years that the disease to any extent has jeopardized the existence of the domestic sheep industry in the United Kingdom.

On the other hand they do feel the existence of scrapie in the United Kingdom by the embargoes in Australia, New Zealand and Canada of the export of sheep from the United Kingdom to those countries because of the existence of that disease in the United Kingdom. And the same thing applies to Canada.

We in Canada at the moment could not suggest that economically scrapie was going to ruin the domestic sheep industry over night. But on the other hand, if the United States decided that because of the incidence or lack of control of scrapie in Canada they could very well refuse to accept our sheep, that fact would make scrapie over night a much more economically serious disease than it has been hitherto.

Q. If scrapie breaks out in a flock in the United Kingdom would they ordinarily slaughter the flock?—A. No.

Q. Or in the United States?—A. Yes.

Q. What about Australia?—A. They have not yet had any outbreaks in so far as I am aware.

Q. Is there any other important sheep producing nation in the world which destroys its flocks?—A. No sir, no; certainly not to my knowledge, or with which we have contacts.

Q. Putting the question the other way, has it always been the practice in Canada when scrapie has been diagnosed in a flock, that the flock is destroyed?—A. Yes. The first information in Canada we had of scrapie was in 1939. When that information finally reached the office of the health of animals division, by that time the sheep had all been sold for slaughter by their owner who was not dependent entirely on his sheep operation for his living. When his sheep had become sick, and when he learned from the veterinarian that the disease was scrapie, he simply sold them off in the market.

Scrapie was then made a reportable disease under the Animal Contagious Disease Act on April 4, 1945. That was the date of the order in council which made scrapie a reportable disease.

Q. When there is a reportable disease, it does not necessarily follow that the flock is destroyed?—A. No, it does not necessarily follow. It depends entirely on the necessity of eliminating the animals so as to prevent the spread of the disease from one premises to another.

Q. It is not in the same category, I take it, as the diseases which are set forth in the animal contagious diseases act itself?—A. It is in the same category as some of them, but with some of them it is not.

Q. When a tag has been placed in the ear of a sheep—again I am not an authority on this—is that tag then considered rather permanent as far as its staying on that sheep is concerned, or is it something which may be lost, rather infrequently, or often lost?—A. Tags are lost on occasion. I would say infrequently, but nevertheless they do come out. They may be torn out if the sheep runs through brambles or hedges, or comes in contact with barbed wire fences. Then the tags may be torn out. If there is no other identification or description—perhaps I should not say that—it would be necessary to have contact with the livestock records, but it is my understanding that when a tag is torn out, the owner may furnish an affidavit to the effect that this is the particular sheep from which the tag was torn; and if the national livestock records are prepared, they may authorize him to put in a new tag. But I must say that it does not come under our jurisdiction. I mean that we must simply accept the Canadian Livestock Records as the registration body; and if they say it is bona fide, then we agree.

Q. From your experience would you care to say what proportion of your tags are lost?—A. Oh, that would be extremely difficult to say.

Q. Would it be one per cent, ten per cent, or fifty per cent?—A. That is an extremely difficult question and it would be hazardous on my part to try to answer it. But speaking personally I would suggest that one per cent would be the most. That is just a guess.

Q. When the tags were lost in connection with the sheep you refer to in the United States, was any application made by the owner for new tags?—A. Well, those sheep would be registered in the United States herd book. So if the man could demonstrate to the United States authorities that those sheep came from a herd which was registered in Canada, then the United States herd book people would have some way of knowing about the case and could provide for re-registration.

Q. You do not know of any particular incidence of circumstances such as the loss of tags in this case?—A. No, except the statement of the pathologist making the examination and his findings that he had no tagged identification for them.

Q. The first quarantine against the Rock sheep was March 26, 1954.—A. Some Hansard chap took my notes.

Q. They do that with us all the time. What was the date of that statement? Oh yes, March 26, I have it in my notes, that the quarantine was lifted on May 10 of the same year.—A. Yes, I think so.

Q. That was within two months?—A. No, less than that, sir; March 24—March 26—

The CHAIRMAN: To May 10th.

The WITNESS: A matter of six weeks.

By Mr. Argue:

Q. It was a matter of six weeks. Would you not know in analyzing the basis for compensation whether it was customary for Mr. Rock during that period of time, the month of April, whether it would be usual to sell quite a number of sheep that he would have during that time because is it not the lambing time or very close to it?—A. Yes.

Q. Is that not the general season of the year when the fewest number of sheep would be slaughtered? I do not know if that is right, but it would seem that way.—A. Like you, I do not know. But I would agree with you that if I were put to thinking about it, I would say that too. But I do not know. Obviously that is lambing time, and less movement certainly would take place then than at any other time.

Q. It would seem to me that the economic loss suffered by Mr. Rock during that time would not be too severe if the quarantine was taken off later. He said there were 142 visits to the premises following the lifting of the quarantine until late in the fall.—A. No, no. I said there were 142 premises visited in Canada.

Q. Who made the visits?—A. Veterinary officers of the health of animals division.

Q. In each case?—A. Yes.

Q. Would you have any idea as to the number of sheep Mr. Rock sold from his flock between the time the quarantine was lifted in the spring and the time it was placed on again later in the year?—A. No. We can get it through our reports which we have. All sales were reported to us.

Q. I would like to have that information.—A. The number of sheep he sold between the first and the second quarantine?

Q. Yes. Also if you have it the number of sheep he ordinarily would sell in the appropriate period in the year so that we could compare whatever factor was given for economic loss in that period?—A. There was no factor given for economic loss in that period. That is a period in which an owner must take his chance. We use this quarantine weapon in many instances and must do so in order to protect the livestock industry in general. Unless the animals are ordered destroyed we do not pay for economic loss suffered under quarantine.

Q. The only economic loss for which you pay is for the actual loss of the animal?—A. When the sheep are destroyed.

Q. At the time?—A. Yes. Let me point out one more thing, if I may, with respect to your request for the list of sheep. I could not tell you how many Mr. Rock would normally sell during any one period. In the investigation of disease you do obtain from owners lists of sales. They must cooperate and they do cooperate. Those lists of sales which they give us are obtained from them with the understanding this is their own personal business. In other words they tell us for purposes of disease control to whom they have sold animals and how many animals they have sold. We assure them that the information is not for the public. We do not go around and tell everyone any individual's business and I think that is only fair. If a man is to give us the details of his business operation we must give him assurance that the details of his business operation will not be made public.

Q. I am not looking for this detailed information.—A. We cannot give you the total value of the sheep he sold. I do not even know it and I doubt if I have authority to ask him for it. I can ask him where he sold them and how many.

Q. No one has that authority when setting out the basis for compensation?—A. No, because compensation is paid on market value at the time of the slaughter on the assumption that the animals did not have to be slaughtered, because of disease.

Q. You said there was another visit made to the premises; there was a suspicion of the disease on October 18, 1955. Again I am not trying to get you to agree to something you did not say. There was a period in the fall between the time of the suspicion and the time of the subsequent quarantine?—A. Yes.

Q. As I understood your evidence earlier with the first outbreak of the disease the quarantine was put on immediately the information was made available?—A. Yes.

Q. Will you explain why the different practice was followed in the fall of leaving the quarantine off even though there was some suspicion of disease? I take it there was a suspicion of disease.—A. Yes.

Q. Between October 18 and December 2?—A. Yes. I have said the quarantine weapon is an extremely serious one and an extremely valuable one and in order not to reduce its value and in order to enhance values of disease control generally we must be very careful not to, may I say, overuse the weapon. In the first instance when it was reported to us that scrapie did exist in the United States our first reaction was to tie the flock up in order to see if there was anything wrong with it. We tied it up for six weeks and examined all the sheep. We also examined those which had what, upon clinical suspicion, might be construed to be scrapie. That was totally negative. We then felt, particularly on the basis there was no concrete evidence in the United States that the sheep in question were in fact Rock sheep, that perhaps it was not in fact as represented. However, the flock was kept under continual observation. There are many things which make sheep develop itchiness and twitching such as indigestion and overfeeding. So when sheep come along with an initial stage of itchiness or twitching our veterinary officers, who I am pleased to say are well trained in observation, examine all the sheep and if they see any sign regardless of how slight it seems they mention it in their report. It was mentioned in the man's report, but he did not consider it was sufficient to justify quarantine. He went back later and thought perhaps these symptoms had manifested themselves just a little more to justify quarantine.

Q. How many animals showed signs of the disease on October 18?

Mr. McCULLOUGH (*Moose Mountain*): He said three rams.

The WITNESS: Three rams and one ewe which came in subsequently.

By Mr. Argue:

Q. On December 14 were there any more?—A. Three rams and one ewe.

Q. There were four on October 18 and only 4 on December 14?—A. There were three on the first or initial investigation which he thought showed some evidence.

Q. And how many on December 14?—A. Four, the three rams he had seen originally plus one Hampshire ewe which subsequently died at the Lethbridge experimental station and the brain and spinal cord were sent to Hull and were found to be histopathologically negative.

Q. How many of the brains and spinal cords examined showed evidence?—A. I think I will have to leave that to the animal pathologist who took the specimen.

Q. You do not have the evidence as to whether there was one or two or half the flock?—A. I would be speaking from memory if I gave it. It is my assumption there were no definite positive cases detected. I am speaking from memory, but my memory leads me to believe there were ten cords which gave some slight indication of neurodegeneration which is different from neurovacuolization, but which might be the early stages of neurovacuolization.

Q. In testing all the sheep which were slaughtered was there only one which showed a completely positive indication?—A. No. There were more than that. Subsequent to the initial diagnosis another sheep was sent which was positive.

Q. How many were positive in the whole flock?—A. Two were revealed at the laboratory. But I hasten to tell you the fact that one does not find vacuolization in the spinal cord when a sheep is killed prematurely is no indication. If we could kill a sheep which showed evidence of having scrapie in advance of its normal death termination and decide then whether it did or did not have scrapie that would be evidence, but the histopathological changes which must take place are not progressed to the termination of a sheep's illness through death.

By Mr. Richardson:

Q. Notwithstanding the fact that you found relatively few with the disease, would you under the same set of circumstances, prior to their destruction, have ordered their destruction today?—A. I beg your pardon?

Q. Notwithstanding the fact that you found relatively few who might have had this disease after their destruction would you, prior to the destruction having the same set of circumstances, today have ordered destruction?—A. Yes. There was definite evidence that scrapie was in the flock.

By Mr. Smith (Battle River-Camrose):

Q. Mr. Chairman, I would like to ask Dr. Wells a question dealing with the devaluation of the flock. I understood him to say the officials of his department valued Mr. Rock's flock.—A. Yes.

Q. And he submitted to you their total findings and the amount to be paid in the way of compensation?—A. Yes.

Q. Was that done on a flock basis or on the basis of evaluation of each individual animal?—A. Here again I would prefer to leave discussion of the values to Mr. Graham who was in fact responsible for it.

Q. I believe you mentioned they were evaluated on the basis of market price?—A. Yes.

Q. That is true?—A. Yes. They are formulated at a price they would bring on the open market should they not be ordered destroyed.

Q. Thank you.

By Mr. Shaw:

Q. May I say I believe Dr. Wells indicated it was on January 24, 1956, that final quarantine was imposed upon this herd and right along with it an order was issued for the destruction of the flock? Am I correct?—A. Yes.

Q. May I ask, doctor, what exactly is involved and done when you impose quarantine and order a flock destroyed, that is with respect to ascertaining the number of animals and the identification of the animals. What exactly are the records that are completed right then and there?—A. The sheep are counted.

Q. The sheep are counted. That is number one?—A. That is all.

Q. Do you examine your tags immediately?—A. No. One would examine their tags if one were dealing with a matter of 10, 12, or 15 sheep, but otherwise the sheep would be counted with the pedigree papers for identification purposes.

Q. Surely you are not suggesting to me if there were only 10 sheep you would follow one course of procedure but if there were 674 the procedure would be different?—A. Yes. I am suggesting that. I think that is a very, very reasonable suggestion to make.

Q. After the herd was quarantined on January 24, 1956, and you ordered it destroyed what supervision by officials of the department was carried on? Did you keep a man on the spot to determine whether or not the same sheep that were ordered destroyed were the sheep which were retained there under quarantine? Did you keep a man on the spot?—A. No, sir. But here again we were dealing with sheep which were all tagged.

Q. That is correct?—A. And the identification registration papers were in the hands of the owner. In addition to that we were dealing with a man with whom we had dealt for the past few years under quarantines and visits back and forth and this man had cooperated with us and had, in fact, first reported the condition to us himself. It did not come in through a back door but rather through the man himself.

Q. Mr. Chairman, I am not questioning the integrity of Mr. Rock at this moment. I am anxious to know, point number one, when the flock was quarantined and condemned did you make no record of the sheep in the sense that each individual sheep could be identified?—A. No. That is true, sir.

Q. You maintained no supervision over the herd between that date, February 27, 1956— —A. Not constant supervision, no, sir.

Q. You did not maintain constant supervision. Then, may I ask this: a certain number of lambs were born after the herd was quarantined and condemned; and before compensation was paid to Mr. Rock?—A. Yes, there was a limited number of lambs born.

Q. What did you do to make certain that all the lambs, which were presumed to have been born to the ewes that had been quarantined, were in fact their lambs?—A. Because Mr. Rock had signed an affidavit, in requesting registration for each and every one of these lambs, that they were in fact the offspring of the ewe named in this application.

Q. But you maintained no supervision to make certain that that fact was so?—A. I can say, as I have said, having dealt with Mr. Rock for two years, that his integrity, as far as we were concerned, was such that we did not need to place a man on the gate, or place a man on his farm.

Q. May I ask one final question. Am I right in assuming that it was possible to make certain substitutions between the date the herd was condemned, and the date that the destruction of the herd commenced? Let me say this, this is more important than some may assume at this point.—A. If you will excuse me, sir, while I am not in a position to make suppositions, and at least I assume not, I would say this, that the possibility of making substitutions is extremely remote, because to make substitutions, it would be necessary to take the tag out of one ear, which would create a bending of the tag, and put it into another ear, because the tag has to be in the ear. Secondly, when the tag was taken out of the ear—and this is most important—when a purebred tag is taken out of an ear, and if it was, as you suggest, put in another ear, it would automatically make the purebred sheep worthless. In other words, the purebred sheep is only good if it can be identified with its pedigree.

Q. Doctor, may I ask you this: would it be possible to substitute one sheep, with a tag in its ear, for another sheep with a tag in its ear?—A. No, because the tags have to have the same number.

Q. Yes, but you stated that you kept no record of ear-tags after you condemned the flock on January 24, 1956, and you did know what the numbers were on the tags in the ears of these sheep?—A. We know that all the sheep that Mr. Rock had on his premises were registered, and there are the certificates. It would be worthless for him to go into the country and buy a sheep with, let us say a tag number 4000X on it and put it in his flock as 4000X when he did not have a pedigree for it, and take a sheep with tag number 2000X out of his flock and send it away.

Some Hon. MEMBERS: Hear, hear.

The WITNESS: I am serious, sir.

By Mr. Shaw:

Q. I realize that, and so am I, doctor. There are two things that I should just like to mention. There could be a very good reason for it—because some sheep are worth a good deal more than others—where a man may have an interest in more than one flock of sheep, with registrations under his own name.—A. Yes, but bear this in mind, that would not work out. In the first place, they would have to be transferred.

Q. They would still be maintained under his own name?—A. That is possible. However, I think that, perhaps, with respect to this registration matter again, it cannot be referred to Mr. Rock.

Q. Yes—A. In our opinion, and in answer to your general line of inquiry, there was no substitution, nor would there be any value of substitution because, if a sheep were substituted, and an ear-tag switched, the sheep becomes valueless, without the identification that must be necessary to tie it to the pedigree.

Mr. McCULLOUGH (*Moose Mountain*): Mr. Chairman, I wonder if I might be permitted to question Dr. Wells, since we have come to this point, as I think it would be the natural follow-up on questions already put to him.

Q. Dr. Wells, your position, of course, is head of the health of animals branch?—A. Yes, sir.

Q. You are a very qualified veterinarian, but, I wonder if you would say that you are an authority on the method of registration of sheep, and the recording of them?—A. As I have already suggested, such is not the case, no.

Q. So you have said, I think, Dr. Wells, and admitted too, that there was quite a lapse of time between the first time the sheep came under surveillance, and the time they were destroyed, is that not true? There would be certain lambs dropped in that flock during that period?—A. Yes.

Q. Is it not true that some of those lambs would not have any health of animals branch ear-tags or Canadian National livestock records ear-tags in their ears during that period?—A. Well, they are not born with tags in their ears.

Q. That is correct.—A. But what happens is this: immediately they are born, Mr. McCullough, the owner inserts the tag. In this instance, when a lamb is born, Mr. Rock takes the lamb, and he knows it by its affiliation to its mother, and puts a tag in its ear. Here are two lambs. They are twins, so there are two to be registered here. He puts these two as FUR-237L, and FUR238L. He puts those two tags, one in each of the lamb's ears, because there are two lambs registered on this one application, because they are twins. He puts these two tags in their ears, fills out his application, and signs it, indicating—"I declare I own the above-named animals at the time of birth, and that the foregoing information is in accordance with my private record and, to the best of my knowledge and belief true, and that the above-named animal or animals are actually identified as indicated."

Then Mr. Rock must sign that, so that regardless of whether we are there to condemn the animals, or whether we are not there, Mr. McCullough, just as soon as these lambs are born they are going to be tagged.

Q. Would you be prepared to say, Mr. Wells, that these tags cannot be taken out? I am familiar with the type which is used by the Canadian Hereford Breeders Association, by the breeders, and up until very recently, that tag was made by the Ketchum Manufacturing Company of this city, and was a tag which could be changed?—A. Could be removed, that is right.

Q. The health of animals branch, your own specific branch, had a definite tag, which no other breeder was allowed to use, which was a type of tag that could not be molested or changed without, pretty certainly—A. Without breaking off the tip.

Q. Yes, that is right. Can you give me the assurance that all the tags used by this breeder were tags which could not be changed?—A. No, I cannot give you that assurance, sir.

Q. There you are. Some of these lambs came during that time. On the basis of the evidence of the integrity of this breeder, you are prepared to say there were no substitutions, and that is pretty well the only basis on which you say there were no substitutions?—A. And the fact that, while we did not have the man on the gate, our officer visited the premises during that period.

Q. There were periods when, if for some ulterior motive, some of these sheep could be changed and substituted. Will you admit the possibility of that? I think you have already said so.

Hon. Mr. GARDINER: Why admit possibilities Submit your evidence that they were.

By Mr. McCulloch (Moose Mountain):

Q. If you do not intend to answer that, although I suggest you do answer it, I think it is pretty admissible that there could be.—A. It is possible, sir, for each and every one of us here—

Q. You say a lamb is not born with a tag in its ear, and I agree with that. It has to be put in by the breeder himself, and the integrity of that breeder must be accepted by the Canadian National Livestock Records in order to make certain that that is a progeny of a certain animal, is that correct?—A. Yes, that is right. With respect to this possibility, the only thing I can say is, that it might be possible for each and every one of us in this room to go out and break a law within half an hour.

Q. Mr. Chairman, Dr. Wells has indicated that he cannot see any motive for making a substitution. I can suggest a motive which, in this case, I think, can be substantiated as being a pretty real one. Is it not true, Dr. Wells, that this flock is recognized as one of the outstanding pedigree stock sheep flocks in Canada?—A. Yes, in the North American continent.

Q. And that some of these animals, or the lambs themselves coming from the ewes, or the offspring of outstanding rams would be very valuable?—A. Only valuable providing they were accompanied by a legitimate pedigree.

Q. That is fine, I agree with that, Doctor. Then it would be possible for this man to take some of these lambs, and move them to another herd, or to another flock, and have them registered under another pedigree, and then be able to raise them for show in the Canadian show circuit, is that not correct?—A. Certainly not as Rock-bred lambs, no.

Q. No, of course not.—A. Certainly not with that blood line.

Q. I am not saying that. I am saying they could be registered under another pedigree and then be put on the Canadian show circuit. Then, of course, if they were outstanding sheep, they would be eligible for the prize winning and other herd build up, is that not possible?—A. This is, again, sir, a possibility, and each and every one of us could defeat the law.

Q. When you made your first diagnosis of the flock, and during the subsequent time, when they were put under surveillance, and the ear-tags were taken, there was at least six weeks—A. No, no.

Q. From the first time that Mr. Rock's sheep were under suspicion of having disease?

Mr. WHITE (*Waterloo South*): He was free to sell them then.

The WITNESS: They were under quarantine for six weeks in the first instance.

By Mr. McCullough (Moose Mountain):

Q. Six weeks. But, long before that, there was some doubt, or some question as to whether or not there was scrapie in his flock?—A. No, no. On the first day that Mr. Rock reported scrapie, March 26, 1954, they were put under quarantine.

Q. That is right.—A. They were under quarantine for six weeks.

Q. That is right.

By Mr. White (Waterloo South):

Q. After that he was free to sell them?—A. After the quarantine was lifted on February 4, 1955—no, that is the second page I have, I am sorry. May 10th.

By Mr. McCullough (Moose Mountain):

Q. They were re-quarantined on March 26?—A. That is right. They were quarantined on March 26, to start with, the very first time. That quarantine was lifted on May 10.

Mr. WHITE (*Waterloo South*): And from that day he was free to sell them.

By Mr. McCullough (Moose Mountain):

Q. And there were some visits made to the premises?—A. That is correct.

Q. And there was no evidence of scrapie?—A. That is right.

Q. And in October, 1954, three rams were brought under surveillance, and I think one ewe. On December 14, 1954 they were quarantined again; on December 17 there was indication of scrapie, and on January 11, one ewe died at lambing time, when they were quarantined?—A. That is right.

Q. And it was apparently sent to the laboratory at Hull, Quebec?—A. Yes.

Q. On February 4 of the same year the flock was again released?—A. That is right.

Q. And there were subsequent revisits?—A. That is right.

Q. Between February 4 and October 18 there were 18 visits, according to your evidence?—A. That is right, sir, yes.

Q. And then again on December 9, 1955, you sent one sheep to the Hull laboratory?—A. That is right.

Q. And on January 19, 1955 one died, and it proved positive. I submit to this committee that there is a tremendous possibility, at least, of substitution.—A. There was no need for substitution, sir. Mr. Rock was free to sell and buy, do what he wanted. They were his sheep, except for the periods that they were under quarantine. On May 10 the quarantine was lifted, and on May 11 Mr. Rock was absolutely free to sell sheep anywhere, and to anyone that would buy them, and he was free to buy sheep from anyone he cared to buy from.

Q. But from January 24 to the date when this animal died, January 18, again there was no personal surveillance on the farm of P. J. Rock?—A. That is right.

Q. There could have been substitution during that period?—A. Except that the sheep were counted when the quarantine was put on, and on periodic visits, during the quarantine, the number of the sheep was taken, and the sales, purchases and deaths were all recorded.

Q. Can you give me the number of sheep, Dr. Wells, at the time of the quarantine, January 24, 1955?

Mr. McCUBBIN: Mr. Chairman, there is a mistake. You are talking about two different years. One is talking about 1955 and the other is talking about 1956.

Mr. McCULLOUGH (*Moose Mountain*): I am talking about January 24, 1955, or is it 1956?

Right Hon. Mr. GARDINER: 1956.

By Mr. McCullough (Moose Mountain):

Q. How many sheep were there on January 24, 1956?—A. This is the order of slaughter.

Q. Yes.

The CHAIRMAN: Somebody has suggested that it is one o'clock. Perhaps we might have the answer to your question this afternoon. What time shall we meet again? Shall we make it 3.30?

By Mr. McCullough (Moose Mountain):

Q. May I have an answer to my question now?—A. 459 sheep.

Right Hon. Mr. GARDINER: No. That is the earlier date?

Mr. McCULLOUGH (*Moose Mountain*): It went up in a few weeks.

The CHAIRMAN: Are you clear on that?

The WITNESS: This is the order of slaughter.

By Mr. McCullough (Moose Mountain):

Q. 200 sheep turned up between January 24 and a few days later?—A. I shall have to check this. This is only a copy. I shall have to check it. This is what it says. However, I will check it and let you know. Even if that is the thing, it is still within reason.

By Mr. Cardiff:

Q. Apparently there were only three or four sheep that actually went down—A. Yes. Their symptoms developed to a steady termination by death.

Q. Did the health of animals branch condemn the balance of the flock for food purposes?—A. No, that was not entirely necessary, sir. They could have been eaten in so far as present knowledge is concerned, governing the transmission of scrapie from animals to man. But in this particular situation, the specimens that we obtained from the sheep for research purposes were much more valuable than the limited value from sheep taken to a slaughtering plant.

Q. They slaughtered about 650 sheep?—A. Yes.

Q. They were not eaten?—A. No, that was done for clinical evidence.

Q. Why couldn't they have been used for human consumption?—A. I have already stated that we could get more advantage out of recovering those organs for scientific purposes and research. We must progress with research if we are going to do anything eventually on scrapie.

Mr. McCULLOUGH (*Moose Mountain*): If you are not going to adjourn, I would like to ask the witness some questions.

The CHAIRMAN: The committee is now adjourned until 3.30 this afternoon.

AFTERNOON SESSION

April 3, 1957

3.30 p.m.

The CHAIRMAN: Order. We have a quorum now so we might as well proceed with the evidence. I believe there were a few questions asked of Dr. Wells just before we adjourned. I take it that you have the answers now, Dr. Wells.

Dr. K. F. Wells, Veterinary Director General, Health of Animals Division, Department of Agriculture, recalled:

The WITNESS: Yes, it was a question by Mr. McCullough. I referred this morning to ear-tags, and these are they. I have not opened them. I cannot guarantee that there are 654 in there but—

By Mr. McCullough (Moose Mountain):

Q. How many do you think there should be there?—A. I think there should be—there were 654 sheep slaughtered. Two of those sheep had gone to the Animal Diseases Research Institute in Hull, and one had gone to Lethbridge which brought it down to 651, and there were at least three identified by tattoo, without ear-tags. That would bring it down to 648, but as I say, I have never seen the tags.

Q. You used the figure 654. I was under the impression that there were 674.—A. No sir, that has been an error. There were 654.

Q. When was that error established?—A. That error was established prior to the payment of the compensation.

Right Hon. Mr. GARDINER: I think it was established last session when I gave an answer, from memory, in the house, and said 674.

Mr. McCULLOUGH (*Moose Mountain*): Well, Mr. Chairman, at this point I think we can refer to it again. On page 5960 of the *Hansard* of last year the minister says this, and I quote him on this page:

I am not going to argue the question as to whether the sheep were worth that much; I do not know to my own knowledge, but I would like to correct a figure I gave when I spoke on the matter. There were 674 of these sheep.

Right Hon. Mr. GARDINER: I am just telling you that that figure was wrong. I needed to correct it the second time apparently. It should have read 654.

Mr. McCULLOUGH (*Moose Mountain*): Let it rest at that, Mr. Chairman.

The CHAIRMAN: The tags are here and are available for anyone to have a look at them if they so wish, and they will remain here.

Mr. McCULLOUGH (*Moose Mountain*): Mr. Chairman, I wonder if we can have one of the officials open this package and count the ear tags.

The CHAIRMAN: I suppose we could have that done; we could have someone do it after the meeting or get someone to do it now. Is there any significance in getting the figure now or do you want that done now.

Mr. McCULLOUGH (*Moose Mountain*): I feel, Mr. Chairman, it should be done now, when we are in committee and I would suggest that it be done if it is convenient.

By Mr. McCullough (Moose Mountain):

Q. I should like to ask you, Dr. Wells, at the time of the quarantine on January 24 I understood you this morning to say there were 459 sheep on the Drumbheller farm of Mr. P. J. Rock.—A. That is right, sir, yes.

Q. That was the first valuation; when was the first valuation?—A. On February 1.

Q. And when was it completed, sir?—A. It was completed—the count was completed on that day, February 1.

Q. That is, a complete valuation was completed?—A. The complete check of the pedigrees. With respect to the valuation, again, as I have said this morning, that was handled by the livestock division. Mr. Graham was in charge of that, in the livestock division.

Q. You would not care to comment because you are not too familiar with just what took place?—A. Yes, except to say that on February 1 a complete count of the flock took place and a complete identification of pedigrees.

The CHAIRMAN: May I point out that Mr. Graham is here and can answer all those questions. May we finish the questions directly related to Dr. Wells and then call Mr. Graham.

Mr. McCULLOUGH (*Moose Mountain*): That is exactly what I am doing.

By Mr. McCullough (Moose Mountain):

Q. Mr. Chairman, from January 24, 1956 to March 2 there was a period of 34 days, being the 34 days between the time in which the flock was quarantined and the date of execution of the flock. Is that correct?—A. The final execution of the flock, yes. The execution was started on February 27.

Q. And finally completed on March 2?—A. Yes.

Q. Now I think, Doctor, it would be fair to say, would it not, that since you indicated this morning you had no officials permanently on the farm, that if there was a motive, then there could be exchanges—if there was a motive in so doing.

Right Hon. Mr. GARDINER: The man is here to answer that.

The WITNESS: I must make that clear. The sheep were quarantined on January 24, and on February 1 Mr. Graham got a count on them and—

By Mr. McCullough (Moose Mountain):

Q. The ear-tags were not taken?—A. Yes the ear-tags were taken and the pedigrees examined and a complete list of the sheep was made on February 1.

Q. What date, sir?—A. February 1.

Q. From January 24 when there was quarantine, there were no ear-tags—just the count taken?—A. No, there were no ear-tags then.

Q. At that time how many mature sheep were on the farm?—A. There was a total count of 459 sheep on the farm.

Q. How many of those were adult sheep or mature sheep?—A. I do not know, sir.

Right Hon. Mr. GARDINER: Well, on a point of order—

Mr. McCULLOUGH (*Moose Mountain*): We are going to have him—

The CHAIRMAN: A point of order.

Right Hon. Mr. GARDINER: Dr. Wells is in charge in Ottawa. There are men here who have been there and know all these things and can give the evidence. And in addition to that, when my hon. friend suggests that something could have happened on the farm, the man who runs the farm is here, too and he can answer those questions. We do not need to presume anything.

Mr. McCULLOUGH (*Moose Mountain*): On the point of order, I am just asking the witness before us a fair question. If Dr. Wells—

Right Hon. Mr. GARDINER: You are making statements; you are not asking questions.

Mr. McCULLOUGH (*Moose Mountain*): If Dr. Wells says he does not know or does not care to comment, that is his privilege. I do not think the minister has a point of order.

The CHAIRMAN: But the point is—and you agreed a moment ago—to restrict the question to those directly related to his field; and there is a man to answer those specific questions.

Mr. McCULLOUGH (*Moose Mountain*): With all due deference to what you are saying, is it not within the scope and within the authority of Dr. Wells and his departmental officials to determine what sheep were on that farm. I am asking you—and you are sitting there—

The CHAIRMAN: Yes, but the man is here to do that. That is what we are saying.

Mr. McCULLOUGH (*Moose Mountain*): I am asking Dr. Wells. It is quite in order for him to say; if he wishes to hand it to another official it is in order for him to do so. It is not fair for the chair to keep interrupting me in my cross-examination of this gentleman.

The CHAIRMAN: Just a moment; the chair is not unfair to you. I have only raised the point, once, to make the suggestion that the witness is here and available. I am not trying to interrupt you in any way. You are free to ask Dr. Wells any questions you like.

Mr. McCULLOUGH (*Moose Mountain*): That is fine.

By Mr. McCullough (Moose Mountain):

Q. Then, Dr. Wells, I am saying that, so far as you are aware, there could be exchanges of sheep between the date of January 24—

An Hon. MEMBER: That is not a question.

The WITNESS: May I, sir—

Mr. McCULLOUGH (*Moose Mountain*):—and March 2.

The WITNESS: May I, sir, take some time in answering this. I do not want to be facetious or smart, or anything like that. But, you have made a statement, and I do not know whether—

Q. I asked a question.—A. You made a statement; it is not a question.

Q. I asked whether it was possible.—A. Well, may I have a minute to answer that.

Q. I asked a question; is it possible.—A. That is not a question.

Right Hon. Mr. GARDINER: It is not a proper question.

Mr. McCULLOUGH (*Moose Mountain*): Yes, it is.

The CHAIRMAN: Let him answer.

The WITNESS: May I explain the details of the operation. It will just take a minute. The sheep were quarantined on January 24. The total count was 459 sheep that were taken. They were not detailed on January 24. On February 1 a detailed statement or a detailed inventory was taken.

Now, on your question about the risk of substitution I have only this to say with respect to substitution, that it is not practical or not practicable for a farmer to make a substitution. He has to have 459 pedigrees—because all these sheep were pedigreed. In order to make a substitution it would be necessary for Mr. Rock to go to the country and, first of all, get sheep to put in, because we have to have sheep.

Q. But is that not possible?—A. And having got the sheep, that does not accomplish him anything, because all that gives him is a sheep outside his farm, without anything on it—except a sheep. Secondly, the sheep is just there—no

pedigree or anything. So that, in order to put any value on that sheep, and in order to make any profit or value in substitution, the sheep that he takes off that farm has to have a pedigree attached to it.

Now, he cannot get a pedigree attached to it unless he also substitutes a pedigree. In order to substitute a pedigree he has to go out and buy a pedigree, along with the sheep, and have that pedigree transferred on the Canadian National Livestock Records to his farm, and have his good pedigree transferred out again.

So that a substitution is not practicable. Then, a substitution with respect to lambs—you said that a man can take a lamb from its mother and feed it somewhere else. Well, in order to do that, he would have to raise the lamb with a bottle, wherever he takes it. I do not know of anyone who would want to raise 50 lambs with a bottle.

Q. Why do you use the figure "fifty"?—A. I use that figure—I could have used 100, 200, 25, or 10. I used that figure—just took it out of the air. Take any number of sheep from here to there and feed them with a bottle—unless he is prepared to kill a lamb and leave the mother—

Q. I am just asking, because I believe you can answer it; is it not possible, and is it not done, to put a lamb with a foster mother?—A. It is very very rarely done, because foster mothers do not normally accept lambs. That is the difficulty when sheep have twin lambs.

Q. But it is done?—A. Not to my knowledge.

Q. You say, Dr. Wells, that complete detailed information was given on February 1?—A. Yes, sir.

Q. In this file of February 20, which would be 20 days later in 1956, there is a letter from Dr. G. A. Rose, assistant veterinary director general, to Mr. Rock.

Dear Mr. Rock,

It is understood that you are concerned about the compensation being provided to you for purebred animals in your flock not registered.

So apparently there was some issue there pending the final payments and registration, if they took place, of these sheep.—A. I think it was made clear this morning when it was pointed out to you that there were applications for registration agreed to and signed with the statement of acceptance mark by the Canadian National Livestock Records.

By Mr. Proudfoot:

Q. If the member for Moose Mountain is implying that these lambs were raised by a bottle or in any such way, what would they be worth?—A. They would be worth nothing, sir.

By Mr. McCullough (Moose Mountain):

Q. It is up to the committee to form their own opinion as to that. But if these animals are the only ones, I suggest Doctor, the only way you would have of knowing if they were the same animals would be by placing in the ear of each one of them a "health of animals" eartag which I do not think could be duplicated.—A. Any breeder could make an application based on the tattoo of those sheep. Any breeder could put his own eartag on such sheep to make them conform with his records.

Q. As to the suggestion of whether or not there would be some motive, I am not suggesting there was. I am merely trying to find out the possibility. There are some members of this committee who would like to see \$100,000 paid out of the public treasury and not make any examination of it.

Mr. GOODE: On a question of privilege, the hon. member from Moose Mountain is making accusations and I must ask that he name the "some members of this committee".

Mr. McCULLOUGH (*Moose Mountain*): The members of the committee cannot be named at the moment until I make the examination.

The CHAIRMAN: I think this would be a good place or time to ask the committee to refrain from imputing any motives.

Mr. McCULLOUGH (*Moose Mountain*): Imputing any motives to whom?

The CHAIRMAN: I say that this appears to be a good time to remind the members of the committee not to impute any motives. When you made the statement that there were apparently some members who were not concerned about the spending of \$100,000 I feel that is getting pretty close to imputing motives, and I want it to clear the air and not to get off on that track at the moment.

Mr. ARGUE: I think the imputations arose earlier.

Mr. HARKNESS: I suggest that we would make much more rapid progress if members of the committee who were not favourably inclined to the questions asked or the statements made, would refrain from booing, interrupting, and so on.

Mr. FORGIE: Why should they?

Mr. HARKNESS: I have no axe to grind in the matter.

Mr. FORGIE: Who wants to be jelly bean around here?

The CHAIRMAN: Order!

By Mr. McCullough (Moose Mountain):

Q. The reason I brought this up in the first instance in the House of Commons was simply because of the persistent rumours that there had been substitution. I have not made categorical charges. I have brought it up so that the air may be cleared. Now a question has been asked by certain members. I do not think they have asked any other question than what would be the motive. I suggest there could be a motive and I shall try to explain to the committee how it could be done.

I think you said this morning that these sheep would have an eartag or a tattoo in their ears? In this flock of P. J. Rock's, are all sheep at the moment tattooed in their ears? Can you tell me that?—A. No.

Q. They are not. Then for him to designate an animal and to make an application, he could put his own eartag on it and that would be the only identification, would it not?—A. Yes, that is right.

Q. The rumours persist for this reason, I think, that here was a valuable flock. Nobody in this committee will deny it. He realized, or he could have realized, that they were going to be destroyed. So it would be within the realm of possibility that if some of these sheep could be saved, they could be built up into another herd, into another flock, and that if a substitution could be made, of course, of culled animals or animals of lesser value, then the build up—I appreciate what Mr. Rock has gone through. I suggest probably he has done a remarkable job of building up a herd. I appreciate that. But we are here as public servants to examine, and to see if there is any possibility in those rumours. I suggest the fact that for 34 days from the time of the quarantine until the final destruction of those animals there were ewes who were bearing lambs in this flock. A. No; that is wrong. It was six days. The sheep were not actually identified until February 1st.

Q. Were there no lambs born after that?—A. Yes. There could be lambs born after that.

Q. I thought you said that the ewes were bearing lambs on this farm. So I think it is established at least that you must rely on the integrity of the breeder. I am not questioning it at the moment; I am not questioning the integrity of the breeder, if he put an eartag on that animal, and if he applied for registration, when it would designate the progeny of a certain animal. Is that correct?—A. Yes.

Q. I am merely saying that if a person had some of these lambs and substituted them for others, it would be within the realm of possibility to make these exchanges, and that is the only way you would have; it would be up to the integrity of the breeder in order to see that they were the proper progeny of a certain animal. I think that is all I have to say at this point, Mr. Chairman.—A. May I say that in spite of all you have said, he still has not a pedigree for the substitution.

Q. I might complete my story by saying that it would be possible for a person doing this to take a sheep from that farm and take it to another farm and to register it as the progeny of another sheep and send in the registration and get a certificate, or get it registered. He would not have a registration; it is possible that there would be animals registered which are not definitely the progeny of certain animals. That is quite possible. There have been breeders, certainly in the Hereford Breeders Association, as well as in others, where that has been done. I see the witness is nodding his head to indicate that it has been done. And purebred breeders have been kicked out of the association for that reason. But I contend as to the integrity of the breeder—that the Canadian National Livestock Records must depend upon the integrity of the breeder in order to establish the proper eligibility and the fact that they are the progeny of a certain animal.

The CHAIRMAN: May I point out again that the livestock branch is represented here.

Mr. McCULLOUGH (*Moose Mountain*): Well, Mr. Chairman, we cannot have everybody on the witness stand at once.

The CHAIRMAN: Are we through with Dr. Wells?

By Mr. Bryson:

Q. No, Mr. Chairman. I have a question. A moment ago you placed great stress on this question of pedigree. Certainly it is something which any breeder wants to protect for the sake of his business. And that goes for eartags and all kinds of identification.

According to the information that was filed this morning, the two sheep—and I ask this question for clarification as to the inability of your department to establish the identity of the two sheep which were bought by an American breeder from Mr. Rock. According to the information that was filed this morning there was a letter among those documents to the effect that those sheep had been bought in 1953, in fact one year prior to the first indication that there possibly was a diseased condition in the J. P. Rock herd.

The question I would like to clear up in my mind is this: first of all it seems a very strange thing to me that within a very short period of time not only would the metal eartag be gone but also the tag from the health of animals branch which would also be in that animal's ear, and which also was not to be found. That seems a very strange thing to me.

But here is something which seems even stranger than that. I presume that anyone in the United States who would buy two registered sheep from J. P. Rock would not buy them to kill and eat them. In all probability they cost him a considerable sum of money. I would suggest that anybody who obtained or purchased that kind of breeding stock would jealously guard the identification of those two animals because it would be impossible for him to

register the progeny of those animals without complete registration data from the adult breed. So it seems rather strange to me that there was this laxity, and I would like to have some better explanation as to the disposal of the identification. As I remember it this morning you pointed out that your department was not able to identify these two sheep which died of scrapie as coming from the J. P. Rock herd in Drumheller.—A. The only thing I can say in answer to that is that in the first place there would be no health of animals branch eartag on those sheep. They would be exported to the United States based on their regular eartag, and pedigree identification. Secondly, the information I gave you this morning was information provided to us by the United States Department of Agriculture to the effect that eartags were missing from those sheep.

We did not see the sheep. The sheep had gone through the laboratory for a histopathological examination and had in fact been completely burned in an incinerator, just as any such remains of sheep are incinerated, even long before the matter had been brought to our attention.

The explanation I gave you this morning was provided to us by the United States Department of Agriculture. I cannot in any way attempt to explain the peculiar circumstances that existed in the United States. These sheep were in the United States.

By Mr. Quelch:

Q. On December 9, 1955, one sheep showed signs or symptoms of scrapie, and on January 18 that sheep died. This quarantine did not become effective until January 24. Was there any control exercised between December 9 and January 24? Were any transfers registered of sheep between December 9 and January 24? I cannot understand when all the sheep became affected on December 9—why the quarantine was not put into operation before January 24. In view of the fact that the quarantine had been in operation before that check was taken, I would expect that just as soon as the sheep showed signs of being affected, they would have been immediately put into quarantine.—A. We had a recent examination at the laboratory of other sheep which had died as these sheep had died. As I said this morning, the seriousness of eliminating it rests upon the presence or absence of quarantine and that is something we must not lose sight of. In the opinion of the officer examining the sheep the clinical symptoms established were simply not sufficient to justify an additional quarantine of the flock as had been done on two previous occasions when the symptoms apparently were sufficient.

Q. During that period, from December 9 to January 24, were any sheep sold for breeding purposes, and if so have they been traced?—A. Yes. If any sheep were sold they have been traced.

Q. I cannot see why the sheep on Mr. Rock's farm would have to be destroyed any more than the sheep he sold up to December 9, if it were considered necessary to destroy all the sheep on the farm?—A. If any had been sold we would have a record and in addition Mr. Rock is here and I trust he will be able to answer that question for you.

By Mr. Shaw:

Q. Might we at the same time secure information as to how many sheep may have been transferred as well as sold?—A. From the Canadian National Livestock Records?

Q. No. By the owner transferring from one farm to another location?—A. I am sure Mr. Rock will provide that information.

By Mr. Robinson (Bruce):

Q. Having raised quite a few sheep in my day I really appreciate the description of scrapie as given by the doctor. When we had a sheep in that condition we called it blind staggers. It might have had scrapie. What I am interested in is—and this is perhaps something which you may not be able to answer—I understand some of the lambs were paid for at registered prices without having been registered. Can you tell us where it is found in the act that that practice may be permitted or is there any authority for that in the act?—A. No, sir. The lambs were not paid for as grades; they were paid for as purebred sheep eligible for registration. I explained this morning we have applications for registration and these are stamped by the Canadian National Livestock Records, "Eligible for Registration and certified correct, B. McCord, the registrar, Canadian National Livestock Records". What we have to do is hand this to the Canadian National Livestock Records with a dollar for each one and we will be handed a pedigree certificate. These are in effect the equivalent of certificates and we can have a certificate for a dollar for each one.

Q. What I am wondering is, is that brought out plainly in the act? Could you tell us, if so, in what part of the act it appears?—A. It is not mentioned in the act at all. These are simply purebred registered sheep.

Q. I understand they were paid for before they were registered. Is that right?—A. No.

Q. The Lambs?—A. No. The certificate cannot be issued by treasury for a purebred animal unless we provide treasury with a certificate of registration or acceptance of eligibility for registration by the Canadian National Livestock Records. There is no chance whatever for a grade animal being paid for as a purebred.

Q. The eligibility is similar to a pedigree?—A. Yes, sir.

By Mr. Argue:

Q. How many sheep in the history of this disease were sick? We have had two completely positive tests you said. What was the incidence of this disease among the flock? Is it two?—A. You are not referring to animals which are clinically sick?

Q. I will appreciate your statement either way.—A. The symptoms clinical suggestion of scrape mean nothing by themselves; they must be coupled with histopathological findings.

Q. How many of them had clinical symptoms?—A. I would have to count up those. I have seven here. Now, it would not run to more than a dozen altogether. There were other sheep sick on the premises during that period. We have records of sheep dying from algae and pneumonia.

Q. And old age?—A. All those things.

Q. Is it something of a normal pattern in this disease to have a small percentage of the sheep showing clinical symptoms?—A. Yes.

Q. To say nothing about the smaller percentage of laboratory positive symptoms?—A. Yes.

Q. This morning when you were giving your evidence, did you tell the committee in a very definite and decided way that the laboratory in Hull had come to the conclusion beyond any doubt. For instance, some chemical tests are positive. Do the people who make these tests use their general knowledge about diseases and generally weigh up the indications on one side against certain indications on the other and on balance with all the evidence come to a decision, or is it absolutely clear and unequivocal?—A. Medical science as separated from chemical science does not produce a reaction in that if you put substances together to get a definite colour, the colour varies

according to the amount of each substance you produce. It does not operate that way. We know from scrapie you have to have the clinical symptoms common to scrapie to get certain definite findings. Neurovacuolization is only found when these clinical observations add up to scrapie. That is as conclusive as any evidence can be with respect to disease and diagnosis.

Q. Would you tell me in the practice of the department what is done to place disease in the category in which this is placed? In other words, is it possible to place a disease in that particular category at one time, and then take it out at some later time; or is it in exactly the same position as the diseases listed in the act itself, that is that they cannot be changed.—A. It would be possible in accordance with the provisions of the act to move a disease in, but to my knowledge certainly and in my experience none have been moved out. The decision to ask the authority to have a disease named as a named disease is not done very lightly. Once it has been decided that the character of the disease and the economic effect of it on the country is such that an owner cannot protect himself against the possibilities of his neighbour not doing something, and all these conditions add up to an economic possibility approaching difficulties to the livestock industry, then we ask that the disease be made a named disease.

Q. Is the incidence of scrapie, in a flock which is infected which ranges from one to two per cent showing clinical symptoms, as far as the commercial flock is concerned and not a pedigree flock for sale for meat and wool, rather a low incidence in connection with which you would consider from time to time whether or not the drastic action of slaughter might be employed.—A. Scrapie is quite new to Canada. In the United Kingdom where they ignore it, in herds it runs up to 20 per cent infection. In addition to that there is one more factor other than morbidity and mortality which must be considered in deciding whether or not a disease is representing a disaster to the industry. It is the attitude of another country toward the disease in this country. May I cite the example of France in connection with the foot and mouth disease. France has foot and mouth disease perhaps as much if not more than any other country in the world and they do very little about it. And the farmers in that country go along with it. We look upon it differently and we keep the cattle and livestock of France out of this country because of that condition. If we in this country were to permit the development of scrapie to the extent it has developed in the United Kingdom today, we would have embargoes on our sheep, and not only the purebred sheep but also the export of market sheep.

Q. This was placed in this category in 1945?—A. April 4, 1945.

Q. As you have gained experience and have studied the conditions in the United Kingdom and the embargoes in the United States you have not been moving in the direction of taking this disease out of that category?—A. No. We have held discussions with the United States with respect to mutual operations.

Q. Have you ever on the basis of your discussions, study, experience and so on, felt that perhaps the knowledge being gained was leading in the direction of taking it out?—A. We had hoped that the knowledge gained would eventually lead in the direction of doing something different, but we have not yet reached that point.

Q. If you were thinking of something other than slaughter, what would that be?—A. That would depend on the findings which at the moment do not lead to any hope that we can operate successfully and satisfactorily in any other way.

Q. It would seem to me, from a memorandum which you wrote on January 18, 1956 to Mr. S. C. Barry, director of production services, at that time you were very definitely considering a change in your policy.—A. We would very much like to be able to have a change in the policy.

Q. If I may quote from the second page of the memorandum to which I have referred, it is as follows:

The thinking with respect to scrapie control has changed somewhat, and it is hoped that with additional information, not only on the disease itself, but on the effects of the disease to the sheep industry, it may be possible to recommend an alteration in the presently established flock-slaughter programme. However, at this time it would be extremely difficult to justify alteration of established policy when we are faced with the destruction of a large flock. The obvious assumption from such action would undoubtedly be that the policy had been changed, not because of a change in thinking, but because of the large flock with which we had to deal.

As I understand that it is that you had almost come to the conclusion that this program could be changed but because you are dealing with a large and very valuable flock you could not undertake such a change in policy. I think your words are rather clear. My interest in this is that, as has already been stated, we have a responsibility to the people of this nation. A \$100,000 expenditure is a large one, and members are obligated to consider it very carefully. Usually, in respect of government expenditures, we are in favour of them, and we think that they serve a very useful purpose. In regard to the \$100,000 in question, and in view of these statements, it seems to me that you were actively considering changing the policy but, as you yourself have said, it might have been extremely difficult to justify the alteration of the established policy, when we were faced with the destruction of a large flock.—A. As I have said, such is true, and it would be difficult to face it. Mr. Barry and I have discussed—as I have discussed in Washington at many times—the hope that sooner or later we can get out of this thing, mainly because of the damage it does to a flock, such as we destroyed on this occasion. I have discussed the hope in Washington, with research people, with Mr. Barry, and with the research branch carrying on in Lethbridge, that something will develop, from science, and we can get out. There is nothing, sir, at the moment. There has been no advance, in the last two or three years, which would give us any indication, except, of course, that there are people working on it continually, and the United States is stepping up, very actively, their expenditures with respect to scrapie, for this very purpose that I have mentioned here, in the hope that we can change the policy.

Q. It seems to me that you were almost ready to make a change, but in view of the situation, as far as this flock was concerned, you did not feel justified in going through with that considered change. My point would be; if the knowledge of this disease has reached a point where it would be wise to discontinue this policy of slaughtering with compensation, and therefore saving the public a large sum of money at various times, that it should be done, irrespective of whether you may or may not, at any given time, be confronted with a particularly embarrassing situation, as far as a large flock is concerned, or any other kind of flock.—A. I agree with you, sir, and you can rest assured, Mr. Chairman, that immediately we are in a position to suggest a satisfactory alternative to this policy, we shall be the first ones to recommend it.

In discussions with Mr. Barry, he has asked me on many occasions: "Is there any hope of getting anything? Is there any hope? Are we in any position to do it?", and I have said, "No, we are not".

Q. How is the thinking changing, to which you referred, in regard to the control of scrapie?—A. The thinking has changed in this respect; when scrapie first developed, we were naturally concerned, because of the United Kingdom history. Scrapie has been in the United States and in Canada now since 1939. We have been able to keep it limited by this slaughter policy. We had hoped that, if we could continue to do this, that it would not be necessary, such as it is in the case of various diseases, where there is a lot known in respect to these various diseases, such as foot and mouth disease, hog cholera, where our thinking will never change. However, because of the amount of good work that is being done on this disease, we now know that you cannot produce a satisfactory vaccine without producing carriers. That original thought existed with respect to scrapie, but with the advance work of the United Kingdom, and the advance and step-up of the work of the United States, they are now coming to the point where their thinking is changing, and that it might be possible somehow to get out from underneath this destruction of high-class sheep, and in fact ordinary sheep.

Q. Do you know whether Mr. P. J. Rock has any interest, or had any interest, during this period under discussion, in any sheep other than the sheep involved on this particular premises, or his son?—A. It is my understanding, from Mr. Philip Rock, that he has absolutely no interest in any other sheep. I believe that he bought two sheep quite recently, at a public auction, but other than that I do not know. He, perhaps, is in the best position to tell you about that.

Q. The funds that are paid in compensation for animals that are slaughtered are paid under authority— —A. Under authority of sections 11 and 12 of the Animal Contagious Diseases Act.

Q. And they are treasury cheques paid on the basis of a particular identity of pedigree, and so on?—A. Yes.

Q. And you, as veterinary director general, are the person immediately responsible for the operation of this act?—A. Yes.

Q. And the man who went out to appraise the value of the animals was working under your direction, or under the authority of this act?—A. Yes.

Q. Which you are in charge of?—A. Yes, under the authority of the act. But, he himself is not an employee of the health of animals division.

Q. No, you employed him from— —A. He is a departmental employee, under the livestock division.

Q. Yes. He was the man that appraised— —A. He was in charge of it, and he had two of his departmental people with him. He himself is here.

Q. And he made the recommendation?—A. With respect to the appraisal, yes.

Q. He might have consulted the other two people with him, as far as advice is concerned?—A. Yes, I am sure he did.

Q. But he is the man that made the recommendation that resulted in the payments finally being made?—A. Yes, that is right.

Q. As a result of his recommendation, and the information that was given to you, you did not have any information as to whether or not there were any quantities of sheep sold off the farm, let us say between March 26, 1954, and the time of the slaughter, either commercial sheep or registered animals?—A. Yes, that would be in our Calgary reports, the reports of the officer going there. He collects all the information as to what has been sold.

Q. Could those reports be made available to the committee?—A. Yes, we can get them. You see, the officer goes and discusses the situation, examines the sheep, and collects information from Mr. Rock in respect to what he has sold, what has died. If any were sick he would be called by, the breeder would say, "there are some sick sheep here, you better drop down and have a look at them and see what you think of them."

Q. The reason I am interested in having these records made available is, to find out the quantity of sheep sold during the period when an animal was under suspicion, but when the quarantine had not yet been placed on the flock—In other words, the period that Mr. Quelch has referred to—so that the members of the committee would be able to decide in their own minds whether, during this period under review, a great many pedigreed animals were sold at very high prices, and therefore the quarantine might have damaged their income, or whether the flock was reduced to sales, in the main, of commercial sheep.

By Mr. Shaw:

Q. Mr. Chairman, I have a question to ask, and I am just seeking information. I understand, Dr. Wells, that on January 18, positive proof was adduced to indicate that this animal, that had been sent to the Hull laboratory, was suffering from this disease. That led to the quarantine on January 24. I understand that you condemned an entire flock, and you destroyed an entire flock when a very small percentage of the flock ultimately proved to have this disease. How far back do you go in determining whether Mr. Rock made sales, and what is your attitude toward those sheep which he has sold? You condemned an entire flock when the vast majority did not have the disease. Two weeks before you condemned the flock he may have sold some. As a matter of policy, do you determine where those sheep are, and destroy them?—A. No, we determine where they are, but we do not destroy them.

Q. How would you explain the difference between not destroying those sheep and destroying several hundred of sheep that showed no symptoms? They all come out of the same corral?—A. That is right, sir. The incidence of scrapie, in any flock in Canada, to this date has been low. We know that the incidence can, as in the United Kingdom, after a period of a 200-year build-up, become, on occasions, high. When a sheep was sold, from Mr. Rock's premises, to another premises, and when that sheep arrives on the premises and is mixed with that flock, the damage to that flock, if any, is done. Therefore it would justify and satisfy no disease control cause to go into that flock and remove the one, two or three, or whatever number of sheep you want. It would satisfy no value to go into that flock and remove those individuals. One would in turn, to do the job, have to remove the entire flock, because contact has been established. We know that the probability of them having scrapie is low, based on the low incidence. Therefore, a great amount of money and sheep can be saved by keeping the purchases under observation in order to contact the first indication of the disease, should it come.

Q. Why would it not be equally as wise, in the case of Mr. Rock's sheep, to separate and place those that were not showing symptoms somewhere else, and keep them under observation for a matter of a week or ten days, the same as you would do in the case of a herd into which one of Mr. Rock's sales had gone?—A. No, because we knew Mr. Rock's flock was infected.

Q. What assurance have you that the other flock is not infected?—A. We have no assurance that the other flock is not infected, but we know, by the relatively low percentage of infection that—

Q. Would that not be also true of Mr. Rock's flock?—A. No.

Q. The relatively low percentage—A. No. Mr. Rock's flock had already had two positive animals out of it in Canada, and two recorded in the United States—at least two in the United States, and subsequently more of them being found.

Q. That is a low percentage, though, is it not?—A. It is still a low percentage, but, you must bear in mind, that this disease has a long incubation period, and we accept the fact, and it is true, that the Rock flock is an infected

flock. We can do no good by tying another flock up. We would have to tie that flock up for at least three years, to make certain that nothing was coming out, and during that period of three years, we would have to remove every lamb that was born and slaughter it. Because, in three years, a flock of this size would have developed to a point where it would be a totally unwarranted operation. Each year that lambs were added, it would add another three years.

Q. Yet you do nothing with respect to the other flock?—A. No, because there is only one individual, or two animals, or three animals in there, and we can keep them under observation, and if these animals come down, and if they spread the disease, they themselves must be infected. If they come down, and the percentage averages are, that they will not come down, then we will have to take that flock. It would not pay us, particularly in regard to a man like Mr. Rock, who has sold hundreds of sheep. It would not pay us, as I have said, to take 142 flocks, across this country, or 142 individuals because they had already been exposed to the flock which they were in, and that flock also would have been exposed.

Q. When you say, "it would not pay us" what do you mean?—A. From a disease control point of view we would have to go out and take 142 flocks.

Mr. GOODE: And kill them.

Mr. SHAW: I am just seeking information.

The WITNESS: Yes. It would get to the point where the cure was worse than the disease.

By Mr. Quelch:

Q. On the other hand, if a ram had been sold, would not that ram be liable to affect all the ewes that were being bred? It seems that there is not just one animal that you are talking about, but also all of the ewes that were being bred.—A. Yes.

Q. It is not just one animal.—A. Yes, if that is positive.

Q. But you do not know.—A. We do not know.

Q. It is just as positive as the ones you destroyed.—A. No, no. Let me start over again. I thought I had explained it clearly. Mr. Rock sells some sheep—and I am going to name a number; I have no purpose for naming it. Take any number; you can name it if you like—I will say ten; is that all right. I have no ulterior motive. Mr. Rock sells ten rams and he sells them to ten sheep flocks around the country. Within a month—again I am just taking this blindly—within a month before his sheep are slaughtered he sells ten rams. Now we know that the chances of those ten rams being infected are very slight. If it is one in ten, the chances are that one of those rams will be infected.

Now we have this choice. The rams are already in the new flock and they have already exposed the new flock. So it would serve no purpose to go and take that individual ram because he—if he is infected he has already exposed the whole flock. So if you take the ram, you have to take the flock on that basis. Now we know that there is only a chance, we will say, of one in ten of those ten rams being infected. We are better off from a disease control point of view to keep those rams under observation in the flock that they are in, with the knowledge that the large percentage of infection will end up with us taking no more than one in ten flocks, rather than going out at the beginning and taking 10. Now that is just about how it works out.

By Mr. Argue:

Q. If you take one in ten with this long incubation period, it is possible that in the one flock out of ten the rams have been sold to other flocks?—A. That is right.

Q. And then you will have to take one out of ten, and maybe the one out of ten in an infinite time—I do not know—you may have an operation as expensive— —A. Yes.

Q. —with far less control— —A. Yes.

Q. —than if you went in and did it right at the moment.—A. Except that the spread of scrapie is slow and insidious and we know that the spread of it is extremely slow; but we do not know how it spreads from sheep to sheep. We are not even certain in fact that it can spread by contact of the sheep.

By Mr. Quelch:

Q. It cannot be picked up on the ground?—A. We are not certain of that, either.

Q. How long a period will have to elapse, before a farm will have to be restocked?—A. The farm will have to be cleansed and disinfected and held a year.

By Mr. Shaw:

Q. Doctor, just in the light of what you have said, does it not appear to you that the action taken in connection with the Rock flock was pretty drastic?—A. No sir.

By Mr. McCullough (Moose Mountain):

Q. You have said that you are not certain of the virility of this disease and how infectious it is and that its period of incubation is very slow. I am just seeking information. Would it not seem from what you have said, that your policy in respect of sheep coming from an infected flock such as Mr. Rock's going into another flock has been just kept under surveillance; they have not been destroyed. But in the case of this flock which has meant a tremendous expenditure out of the public treasury—and I am not arguing that you did not do the proper thing, I am just asking for information—it seems to me that the very fact that here in the P. J. Rock flock, after being sent to the laboratory for testing, and after destroying them—I think you said there were only 10 of the ones that were infected.—A. Yes.

Q. That is a pretty low percentage out of 670 sheep.—A. But I also explained that that does not mean a thing, because those sheep did not terminate life. Their life was not terminated by death due to the symptom evidenced of scrapie. They were killed.

Q. That is correct. So the point I am making is still valid, and that is that in the case of the sheep coming from this flock, after you knew of it, do you not think it would have been quite advisable, if there are only one or two, such as a ram sent into another flock for siring that flock—that it would be economical to destroy that and take it out immediately. You say some went a month after it was determined to take that ram out of that flock and destroy it, so the contact would not be there. It would seem to me—A. But the contact had already been established.

Q. But you have already said you were not sure of the virulence of the disease. You are not sure whether it is hereditary or whether or not it is a virus, and I suggest—not being a veterinarian, just a dirt farmer—that it might be a good policy. What do you think about it?—A. Well we have considered it, of course, and we have felt that our very lack of knowledge did not justify our sending or recommending the spending of money for something that we could not in fact justify with concrete knowledge.

Q. Well now, Doctor with respect to destruction of flocks in previous cases, the minister last year in the house said there were three cases to his knowledge and then later he put on record five of these. The first one I have here is

Mr. Baldwin, in the year 1945-46 where there were 102 sheep destroyed averaging out at \$20 each. Then, of course, in 1951-52 Mr. Tisdale had 65 sheep destroyed and the average price paid of \$34; in 1952-53 Mr. Charter had 11 sheep destroyed by your department and an average price of \$47 was paid; in 1954-55 Mr. McQuay had 108 sheep destroyed—an average price of \$75. Now it seems to me that if you had been giving consideration to change of policy such as you indicated to Mr. Argue, that perhaps this was getting out of hand.—A. I should have said no; we were not giving consideration to a change of policy. We have been hoping that a change of policy might be possible and in fact Mr. Barry and I have discussed it and he said to me, "Is there any hope of getting any change."

Q. Thank you. That is a fine explanation you have made. In other words, there must have been some thought in your department of a need for some change. In other words, I would expect that it is in the amount of compensation. Is that correct?—A. The need for change?

Q. Yes, the need of payment was getting out of hand and that you would like some change in compensation paid on this basis, or some change in policy?—A. No sir. We do not anticipate or suggest any change at all. We had been hoping that we could get a change, but our wish for a change is not in any way concerned with the payment of compensation. I hasten to say that I do not mean by that that it does not concern me. It does so, seriously. But what does concern me more is the control of the disease itself and the destruction of the sheep.

Q. It is a question of the method of handling this problem rather than one of price and the cost to the treasury?—A. Yes, that is my principal concern. But I still have concern about money. One does not spend money foolishly whether it be his own or someone else's money.

Q. But in the cases I have cited, even the highest payment made was \$75 on an average for the sheep; but in the case of P.J. Rock, even considering the 205 lambs, the payment was \$150, on the average. Does that not seem rather an extreme payment in your estimation?—A. Well, sir, I would prefer to leave a discussion of the payments to the man who valued them except that I do want to say that in my opinion the true worth of the Rock flock is represented by the payment of compensation.

Q. Even if such payment includes an average of \$150 for a new born lamb which perhaps might be one of triplets or twins?—A. No new born lamb got \$150. There was no new born lamb that was paid for at the rate of \$150. No new born lamb averaged \$150.

Q. The average for the whole flock worked out to \$150?—A. That is right.

By Mr. Mang:

Q. You mentioned the foot and mouth disease. Some people did not try to control it and make as intensive effort as did others. You were in charge of that?—A. Yes.

Q. When we had that calamity?—A. Yes.

Q. Did you at any time during your handling of the foot and mouth disease go into a herd and cull out those that had the distinguishing physical symptoms?—A. No sir.

Q. Or did you simply say that the flock was bad?—A. I simply said that the flock was bad.

Q. For example, take the Daniel Smith flock, which was not far from where I live.—A. Mind you, we must not compare these two diseases.

Q. No. What I am getting at is this: were they concerned with the saving of money? Quite a point has been made and we are still on it now with respect to the compensation for this Rock flock. Now, in your handling of the

foot an mouth disease, did you find a variance in the slaughtering and in the price paid for compensation for purebred flocks as compared with those which were not purebred?—A. Yes; there again I was not valuing the cattle. But I do know this as a fact: that it is true regardless of whether one is valuing cattle or not, that cattle do vary in value. Purebreds vary in value from the low of a purebred registered animal up to the top, and the same thing with grades.

Q. The point I am trying to establish is that you had to pay for herds as you paid for this flock; that is, if the flock had it, that was that!—A. That is right.

Q. Was there any difference in whether or not the cattle herd you destroyed was purebred, or lower grade, or not purebred?—A. Oh yes, sir!

Q. In comparing this flock of sheep, some were offered \$75 and in another flock, \$150, maybe? Would the cost of compensation there, for the same considerations, enter into the payment?—A. You mean: would there be a range of categories?

Q. Yes.—A. I would not be able to say now from this length of time but certainly there have been differences between the two herds. Purebred herds at the low end of the scale would certainly be vastly different from the type of herd at the top of the purebred scale.

Q. I do not think this is a proper question to put to you. It has to do with the prices that Mr. Rock received. He may have sold a ram for \$1,000 out of his flock?—A. He sold a ram for three times that much. But I shall have to leave it to Mr. Rock to answer your question.

Q. He could then have had a \$3,000 ram in the flock that was destroyed?—A. Yes.

Q. I think that is all.

By Mr. Charlton:

Q. I want to ask Dr. Wells one or two questions. What research work has been done in Canada on this disease if any? Or are you taking the work of the research people in England and the United States?—A. We are taking the research work done in England and in the United States. Actually the research work we are pursuing in Canada has been greater than that done in the United States.

The United States feel that they cannot embark upon additional research work on any other disease, but they are supplementing by financial aid—or if they are not doing it now, they are intending or proposing to do it—but that again is not my concern to say what the United States government is doing. But their proposal is—or rather their department's proposal I should say, because the department does not represent the government of the United States—but the Department of Agriculture officials in the United States perhaps prefer to supplement research work in England and in the United Kingdom with funds rather than attempt to do it in their own country. In Canada we are starting research projects. Research on scrapie is an extremely difficult and a long-term program. First of all one must gain the techniques of artificial transmission which is getting the material and inoculating it into the proper portion of the brain and spinal cord and then wait and hope, because you have no way of determining whether or not the material which you take has a viable causeable agent in it. All these factors are part of a long and difficult process. Doctor Connell will explain it fully. He has been working on it for the past year at the research station and is getting set to take on more sheep and start his experiments going in an attempt to add information to that which we have from other countries.

Q. Have you any information from any of the English or Canadian research that is leading you to believe there is proof which indicates that animals not having the disease are still carriers of the disease?—A. There is no proof that carriers can develop. Insofar as I am aware it has not been possible to transmit the disease artificially or otherwise from an animal which did not eventually die of the disease. It is possible to transmit it by artificially inoculating an animal and taking the material from that animal when it dies and carry it on through as is done in other diseases. But so far as I am aware there is no demonstration of a carrier as such.

Q. It has been stated that the disease might be hereditary?—A. Yes. That is one of the suppositions.

Q. Is it just a supposition?—A. Yes. When you say hereditary you do not mean the lamb is born with the disease.

Q. No, but it could probably pick it up in birth. There is no proof that it is hereditary?—A. No. Mind you, on the other hand, there is no proof that it is not.

Q. Regarding the price, what precedent has there been for paying the full value for purebred registered stock previous to the time of this Rock flock?—A. What do you mean? I do not understand the question.

Q. In view of the evidence brought forward here, the highest price paid previously I understand was \$75.

Mr. ARGUE: Average price.

By Mr. Charlton:

Q. Has there been any other case where you have attempted to pay the full value of registered purebred stock?—A. Yes. The McQuay flock in Galt, Ontario, was paid on that basis.

Mr. McCULLOUGH (*Moose Mountain*): The average price was \$75.

The WITNESS: Yes. They were just poor sheep, I guess. That is the point; there are good purebred sheep and there are bad purebred sheep. It will have to be left to Mr. Graham to explain the inherent grading value of a flock which has been built up over many, many years to the point where they can take animals to the United States, put them on auction, and compete with and beat the sheep in the United States in price. That is the difference, whether it be in respect of sheep, Hereford or Holstein cattle, between the low and the top scale. If you have had experience with sales of Hereford cattle you will know that some sell for \$75 and others for \$7,500.

Mr. McCULLOUGH (*Moose Mountain*): I am pretty familiar with the production of Herefords.

The CHAIRMAN: Mr. Cardiff has been trying to get the floor.

By Mr. Cardiff:

Q. I would like you to tell me, doctor, to whom I may address this question. Who would be responsible for the values placed on the sheep which were destroyed?—A. On the Rock sheep?

Q. Yes?—A. Mr. Graham was in charge of the valuing of those sheep.

Mr. McCULLOUGH (*Moose Mountain*): Who is Mr. Graham?

The WITNESS: He is right here and waiting.

Right Hon. Mr. GARDINER: I have been telling you that for some time.

Mr. McCULLOUGH (*Moose Mountain*): What capacity is he in?

The CHAIRMAN: He is chief of the livestock division, production branch.

Right Hon. Mr. GARDINER: You have been asking questions for an hour which he should be answering.

By Mr. Charlton:

Q. In the case of cattle, for instance, I know there were some cases in connection with the foot and mouth disease where you tried to pay full value.

Right Hon. Mr. GARDINER: On a point of order. Mr. Charlton keeps on repeating "full value". There was not full value paid for the animals in this flock.

Mr. CHARLTON: Mr. Chairman, it is debatable. I am not going to go into the basis of that. I am just asking a question of Dr. Wells who is in charge of the branch. In any case of tuberculosis, for instance, where animals have been taken from a herd and slaughtered, have you paid full value for those animals?

The WITNESS: No, sir. That is an entirely different thing, Dr. Charlton. I appreciate that that is not the point of the discussion, but tuberculosis is being eradicated under a totally different program policy than scrapie, or hog cholera, or foot and mouth disease, with the result that the application of compensation applies in an entirely different manner.

By Mr. Harkness:

Q. Mr. Chairman, I just wanted to ask Dr. Wells if he, or his branch, have any knowledge or theory as to how this disease of scrapie got into the Rock herd?—A. We suspect, sir, that it was brought in by the importation of sheep from the United Kingdom.

Q. But you have no direct knowledge on it?—A. No. It is very difficult to actually establish. One can only accept the circumstantial evidence and knowledge in respect of the disease, found in other countries.

Mr. SMITH (*Battle River-Camrose*): I would like to ask Dr. Wells a question. You took your detailed inventory on February 1?—A. Yes, that is right, sir.

Q. Could you tell me how many ewes were in the flock, how many rams, and how many lambs, at that time?—A. I cannot tell you, sir, but Mr. Graham, who took the inventory at that time, can tell you.

Q. The information will be available?—A. Yes, sir.

The CHAIRMAN: It is actually not six o'clock, it is five minutes to six, but is it the wish of the committee to adjourn now? I had hoped that we might complete this witness, and then call Mr. Graham at 8.30.

Hon. Mr. GARDINER: I could make a suggestion along that line. These men will all be available as long as we want them. You do not have to ask all your questions of the witness now. He will be here all along. I think it would be better if we could get Mr. Graham on when we meet at eight o'clock. If you would like one of these witnesses back, we will get him back, however, I think you will be able to get your answers from Mr. Graham.

By Mr. Argue:

Q. I have a couple of questions, Mr. Chairman, and probably this will clean them up, if it is the general wish to do that now.

The CHAIRMAN: Is that the general agreement?

Mr. GOODE: Is this the end of it?

Mr. ARGUE: I have a couple of further questions.

Mr. GOODE: And Mr. McCullough has some as well.

Hon. Mr. GARDINER: Are they questions that Mr. Graham can answer?

Mr. ARGUE: No, I do not think they are.

Hon. Mr. GARDINER: Could we call Dr. Wells at eight o'clock to finish your questions?

The CHAIRMAN: I have already called the meeting for 8.30.

Mr. HARKNESS: 8:30 is much better.

EVENING SESSION

April 3, 1957.

8:30 p.m.

The CHAIRMAN: Order. We have a quorum. Will the meeting come to order please. Before we adjourned at six o'clock I believe Mr. Argue had some questions.

Dr. K. F. Wells, Veterinary Director General, Health of Animals Division, Department of Agriculture, recalled:

By Mr. Argue:

Q. Yes sir. Yes, I was about to ask him something about the practice in the United States. When they have an outbreak of scrapie, do they destroy the flock? Just what is the procedure?—A. Yes.

Q. The two sheep you mentioned this morning referred to the purchase from Rock by an American Connecticut breeder. What happened to those two sheep? Were they destroyed by American officials?—A. Yes, I understood the flock was destroyed. The sheep of course died before they were examined and the flock was destroyed.

Q. The sheep died before what?—A. The sheep had to die in order to get a positive diagnosis.

Q. Yes, of course, and the flock was destroyed. Well you told us this morning that after Mr. Rock had advised the department of the report he had, of the letter he had from the breeder in Connecticut, that you had someone to go down and examine the sheep there, I believe.—A. No, not to examine the sheep. The sheep at that time were in the incinerator and burned up.

Q. So you did what?—A. We went to Washington to discuss the identification with the Washington officials of the Department of Agriculture.

Q. And after a process of elimination you found you came to the conclusion that the two sheep in question—A. The Washington officials arrived at the conclusion after a process of elimination.

Q. That what?—A. That they were Rock's sheep.

Q. Then in your experience in Canada how often have you found an ear-tag lost from the ear of a sheep?—A. I recall giving you a percentage on that this morning. As I told you this morning I was guessing. My guess this morning was 1 per cent, I believe, I am still of the same opinion.

Q. In your own experience you have had a number of specific instances in which an ear-tag was lost, and this morning you were making a general estimate of the percentage that had been lost. In your experience you have known of some concrete cases when an ear-tag was lost?—A. Not in sheep, no.

Q. Not in sheep? You have never known of one case?—A. I have never handled sheep when an ear-tag was lost.

Q. If a man purchased a ram, a very expensive one, perhaps he has paid \$1,000 or more for it, would you not think that he would be rather observant, rather careful, that the ear-tag, as far as he is able to ascertain, was on the sheep, on the ram?—A. Yes.

Q. When a man has invested a very large sum of money in a ram and that investment he hopes will make him a good return, he is likely to keep a close watch on the registration identity of that animal; I would think.—A. This sheep was registered in the United States and of course the activities or the procedure

in the United States for replacing ear-tags—and it may well have been, I do not know, it may well have been that the United States registration ear-tag was on the sheep; but I say the ear-tag was not on. The ear-tag for identifying that sheep of the Rock farm was gone. That is the only thing under which we could operate.

Now if a man buys a ram and pays \$1,000 for it he knows the ram, and once he has it transferred and registered in his name he does not need an ear-tag on the ram to remember and he does not need an ear-tag to register it, because he has the pedigree and he simply registers the offspring from the pedigree.

Q. Did your officials check the Washington transfer of the Rock pedigree to the American pedigree on which the Canadian tag was missing?—A. Yes, they had the pedigree, yes.

Q. Were you able to identify the sheep on the basis of the American records as to the tags, and so on.—A. Well, no; the only information we have on this is from the United States authorities, that they can only identify the sheep according to elimination and that the man who bought them originally sold them, and they were sold into Connecticut. Now Mr. Rock can give you the details of that. He knows more about it than I do. He can tell you how they were transferred, one to the other; the details of that United States transaction are not familiar to me.

The CHAIRMAN: Any other questions.

By Mr. Argue:

Q. I understood this morning that the Canadian tags on both sheep were missing.—A. Yes, that is correct. There was no identification on those sheep that could trace them back to the Canadian export certificates.

Q. Was any explanation given as to what might have happened to the ear-tag? Was it taken off because it was no longer of value? Was it said to be lost or what was the reason given for it?—A. No, in actual fact the ear-tag may have been on the sheep when the sheep was handed to the laboratory. But when the report came out of the laboratory the sheep were burned and disposed of.

Q. Can you say what date the sheep was burned and disposed of?—A. I could not say.

Q. Approximately?—A. No I cannot even tell you the date that a positive diagnosis in the United States was made.

Q. Can you give me the year?—A. Oh yes. They phoned Mr. Rock from Connecticut about it on March 26, 1954 and I assume that it was either in January, February or the first two weeks of March in 1954.

The CHAIRMAN: Any other questions. The next witness I will call on is Mr. J. W. Graham, Chief of the Livestock Division.

Mr. J. W. Graham, Chief, Livestock Division, Department of Agriculture, called:

The WITNESS: Mr. Chairman and gentlemen, in order to justify any reputation I may have as knowing anything about sheep, I will have to bore you for a few minutes with my personal pedigree.

I was born on a farm in the province of Quebec before the turn of the century. I attended McGill University and graduated with a degree in agriculture in 1922; and in June of that year joined the Dominion Department of Agriculture as a sheep promoter and I worked at that time in the province of Quebec; later in the Maritime provinces; and I have worked on sheep work

in every province in the dominion. In 1949 I came to Ottawa in charge of the Sheep Division and in 1950 I was made chief of the livestock division, which takes in all classes of livestock. In that work we come into intimate contact with all pure breeders of livestock in the provincial and in the federal fields.

The nature of our work is such that we work in very close cooperation with provincial officials in joint policies and also in carrying out the specific work of our own branch. In 1949 I had an opportunity of going to Great Britain, and there purchased four flocks of sheep of the North Country Cheviot breed for the specific purpose of introducing cross-breeding according to the British plan, in Canada. One such flock is owned by our own department; one is owned by the province of Quebec; and two other flocks are owned in New Brunswick and Nova Scotia, and that cross-breeding work has been carried on as to date.

Incidentally, at a somewhat later date the same breed was introduced to Alberta for the same purpose. I think perhaps that is enough of the pedigree end of it. Seeing that I was directly responsible for appraising the flock of sheep owned by Mr. Rock, I think perhaps at this time I should say something about that particular flock. A great deal has been said of the Rock flock and as there are some sheep men in the audience, I am quite sure that they know something of the reputation of that flock. It was established about 30 years ago from four specific families of females and through the use of imported rams. Mr. Rock, of the Rock firm, has consistently imported purebred rams from Britain of the Suffolk breed to keep the flock at the high standard it has attained in the last few years.

Mr. Rock had a very strict standard of developing a foundation flock. The requirements were very high and I am not going to bore you with the details of it; but each female in that foundation flock had to produce a certain number of top winners or had to be the dam of a certain number of winners or had to produce so many dollars worth each year to get into, what we might say, the elite flock.

Mr. Rock's chief source of sales was in the United States and those of you who have, through various publications, followed the sales in the United States, will well realize the prices obtained for breeding stock from that particular flock. In 1947 Mr. Rock imported a ram by the name of Badley Quinton from Great Britain. Incidentally his cousin, Mr. Hayward from Badley Hall, Britain, was the breeder of that particular ram.

That ram lived until 1954 and I think I can say quite safely, that there are probably more progeny of that particular ram in Canada and in the United States than of any other single ram.

I could show you a publication from the United States—"The Sheep Breeder"—in which breeders are advertising sons of Badley Quinton as the sires that are heading their particular flocks.

In 1948, the year following the importation of this Badley Quinton ram, Mr. Rock sold a son of this ram at Salt Lake City for the sum of \$3,350. Until that time that was the record price for any Suffolk ram sold in the North American continent. That record was held until 1955 when a ram out of a daughter of the same ram made \$3,500.

Prices of \$1,000 were fairly common running down anywhere to \$400 depending on how closely they were related to this particular ram. I might say too that the late Mr. Arthur Grenville Morrin had stock of practically the same breeding and he too made an outstanding record in the United States in the way of rams sold—the progeny of this particular ram.

I think perhaps there is one other thing I might say, too. In the foot and mouth scourge in Britain three or four years ago the original flock from

which this stock came was wiped out and Mr. Rock sent back to England ten females and a ram out of this Badley Quinton breeding; and the Hayward flock in England is now being reestablished on the same blood lines from Mr. Rock's flock.

Now perhaps you want to know something about the official job of this appraisal, and I might recite it to you. When the stage was reached where somebody had to do this job, I was told that it was my job. Accordingly we visited Mr. Rock's premises on February 1 and began the job of handling every individual sheep in the flock, identifying it by eartag, making an appraisal of it according to certain standards of quality, and making ourselves fairly familiar with Mr. Rock's records.

We then sat up most of the first night trying to work out what we thought was a reasonable appraisal. We spent most of the next day at Mr. Rock's home looking over his records and checking pedigrees, as he had a peculiar system of building up his flock. All his low tag numbers, from 1 to 100, were allotted to lambs from the highest producing females. I had known of that for some considerable time before this episode. We wanted to make sure that we could trace back these individuals through the pedigrees. So we handled most of the pedigrees he had and we took all the notes we were capable of taking, and made ourselves thoroughly familiar with the various methods of organization he was using in his stud ram flock which consisted of seven outstanding rams.

The first sheep presented to us for identification and appraisal were those identified by the letter "K" which at that time were the yearlings. The next group were females in lamb. Then we visited the various other buildings where the rams and the flock were situated, checking and identifying a number of the 68 ewes which had lambs at that particular time. Those were checked and all the lambs on the premises at that time were checked.

Now I suppose it would be too much to expect everyone to agree on the basis of coming to a reasonable value of a flock of sheep of that nature. But I mentioned a few moments ago that Mr. Rock's chief market was in the United States. I felt fully justified therefore in using that market as a basis for setting prices. I say that quite frankly. That is what I did.

It may be suggested that it was not the right thing to do. Nevertheless a fact is a fact. That is where he sold his sheep. He did sell some in Canada as well, but at lower prices.

Having all the facts of the flock in mind and with voluminous records, we returned and discussed the whole situation with my superiors including Mr. Barry our director when it was agreed to offer Mr. Rock a certain price. You have learned from Dr. Wells how that price was projected to Mr. Rock through the district field man in Edmonton. I think that is just about my story of the actual physical job of appraising the flock. I did say that every individual sheep was handled. It is a fact; and they were appraised for both identification and quality, both at the same time on February 1st, and they were also identified again before slaughter.

By the Right Hon. Mr. Gardiner:

Q. What was your recommendation?—A. The price that was recommended was \$92,100, and it included 102 yearlings; 62 year olds; 81 three year olds; 26 four year olds; 21 five year olds; and 36 sheep over the age of five years. This adds up to 326 ewes and in addition there were 58 rams, and 110 lambs, a total of 494 head.

Q. How did you come to that figure of 100? What brought it up from \$92,100 to \$100,000?—A. It was agreed of course that this had nothing to do with the valuation of any lambs born after the date of appraisal and before the time of slaughter, and that they would naturally be compensated for on the same basis as was allowed for the price of 110 that we appraised that day.

Q. How much was allowed for the lambs?—A. We appraised the Suffolk lambs at \$50 and the Hampshire lambs at \$25.

By Mr. McCullough:

Q. I would like to ask Mr. Graham who his associates were when he made the appraisals?—A. Mr. Baird, a member of our staff who incidentally was one of the appraisers of the flock previously appraised at Galt, Mr. David Owen one of our field men from Calgary, and Mr. William Hart, one of our field men from Edmonton.

Q. Were there any other appraisers?—A. No. Mr. Hart and Mr. Owens were not appraisers. Mr. Baird and I did the entire job of appraising the flock.

Q. On what date did you start the appraisal and on what date did you finish it?—A. We started identification and completed the handling of 494 head on February 1.

Q. Was every animal that you appraised, both adults and lambs, tagged with a registration tag?—A. No. There were four females, three Saxham ewes and a Barr ewe identified by tattoo.

Q. Are you in a position to give assurance to the committee that the lambs which you appraised were the same animals that were later destroyed?—A. In so far as I am aware, yes. I have no reason to believe otherwise.

Q. Do you know if any lambs were born between the time you finished your appraisal and the time that the slaughter was finished?—A. 157 head. I believe.

Q. On what basis was the compensation calculated for these lambs? I understood the minister to say that every animal was appraised individually?—A. Well the Suffolks would be appraised at \$50 per head and the Hampshires at \$25.

Q. There was just sort of a blanket appraisal then?—A. Of the lambs which came later, yes.

Q. You told the committee, I think, that you had some access to Mr. Rock's records. Did you have access to his sales records indicating the percentage of sales which were made on the basis of registered breeding stock and also if there were any commercial sales made?—A. No, I did not see any record of that nature, nor was it volunteered.

Q. So you used whatever information you indicated to the committee as a guide in making this appraisal?—A. We used the registration certificates to verify the various lines of breeding which were considered the most important in the flock.

Q. Could you say what the percentage was of breeding stock and what the percentage was of commercial, of Mr. Rock's sales, let us say, in the last three years prior to the destruction?—A. I would not know.

Q. That is all I have to say now.

The CHAIRMAN: Are there any further questions? If not, thank you Mr. Graham. We shall now call on Mr. Rock to come forward please.

This is Mr. Philip J. Rock and he will make a statement on the operation of the business.

Mr. Philip J. G. Rock, Drumheller, Alberta, called:

Right Hon. Mr. GARDINER: Before Mr. Rock begins, I feel that I should say to you that Mr. P. J. Rock has been in hospital up until just recently. His medical advice was that he should not make the trip down, or fly down. So Philip, his son, who has been handling the flock, has come down here today.

The WITNESS: Mr. Chairman and gentlemen; can you hear me at the back?

We started in the sheep business in 1930. We found that the sheep we had were of no use and we could not sell them. They were not the kind of sheep we liked. So in 1931 we moved to Hampshires. At that time the big flock of sheep in western Canada—in fact in all Canada—was the Hampshires and the Suffolk flock owned by the Canadian Pacific Railway.

We showed Hampshires for a number of years. In the western shows at that time we could take third prize, but the Canadian Pacific Railway always took the first and second prize. We were lucky to take the third prize or even prizes lower down the line. Our sheep were the best that we could afford, but they were not good enough to compete with those of the Canadian Pacific Railway.

So in 1937—that was just after the depression, and sales were very bad, we averaged between \$15 and \$20 for our rams while the Canadian Pacific Railway averaged around \$40, and at that time \$40 for a sheep was a lot of money.

So Dad and I decided that the only way we could improve our sheep was to send to England for one that was best where ours were bad so that we could compete.

The shepherd of the Prince of Wales went to England for a holiday and he selected a ram for us and one for them. That ram arrived in 1938 and his first lambs came in 1939.

With the first buck lamb it was the first time that we had ever beaten the Canadian Pacific Railway with ram lambs, and this was the first champion. At that time Hampshire sheep were starting to decline in popularity because they were heavily “wooled” on the face.

The range man found that the lambs sired by Hampshires out of close-faced or white-faced ewes could not see well enough to keep ahead of the ewes in the mountain range.

The Suffolk was a black faced animal. Those cross-breed lambs could see and moved ahead. The result was in the Fall when the lambs came in, the Suffolk lambs weighed more than the Hampshire cross-breed rams.

In the operation of a range flock of sheep the overhead is fixed. Anything you can do to improve your poundage of rams is clear profit. You have a fixed overhead and if you have more pounds to sell naturally you have greater revenue. That year we put in our first Suffolks. We could not pay the price because we did not have enough money, and the Canadian Pacific Railway would not sell the sheep. We had to buy the best that were available. During that time Americans running large numbers of sheep in the United States wanted rams by the carload. No one in our country would take the trouble to congregate a carload of rams with the result that orders which could have been obtained were lost because no one would assemble those sheep. I started assembling sheep in order buying for people. Through that order buying of rams a market developed for ewes with the result that when a flock of ewes came for sale I had a market to sell what I did not want. I kept as many good ones as I could afford to keep. In other words, Canadian sheep had more bone, more ruggedness than American sheep, and our second rates in certain places were better than the best they could obtain. I was able to buy a carload

of ewes, keep back a few and sell the remainder. In other words I was able to add to our flock a few of the best ewes. Through having those orders time came when better and better flocks came on the market.

I am not sure of the date, but in 1941 or 1942 the Canadian Pacific Railway decided that they had gone as far as they could in the livestock business. That livestock business was started in order to build up the country so that they would have more freight to haul. Breeders developed in western Canada who could supply a good quality of livestock. They decided to disburse their herd of Angus cattle, Holstein cattle and their sheep. Their Angus and Holsteins were sold at public auction. The sheep were sold to two gentlemen who did not know the purebred business. They kept them about nine months and they did not do too well with the result we were able to buy that flock. At that time Suffolk sheep were very light shearing sheep. About four, five, or six pounds of wool was about the maximum fleece which could be obtained off a sheep. Mr. John Gordon, who had concentrated on wool, had a flock and his flock came on the market and sheared around 8½ pounds. Mr. Grenville and I were able to buy all of the best, not all the sheep, but what we considered to be the best. Later the Clarindale stock farm people came along and we were able to buy their flock. Some were sold and the balance were kept. What I am trying to show is our flock was built from the best flocks that were in Alberta.

Mr. H. C. Hayward had one of the older Suffolk flocks of England. His father started them and Herbert went on and improved them. There were many faults in the Suffolk sheep in this country. We could not find rams who could improve the faults in the sheep. We had correspondence with Mr. Hayward and asked him if he could send us each year rams good enough that he would use himself and as close to the specifications which we asked for. We did not ask for a perfect sheep because there is no such thing, but if anyone did have one he would not sell it anyway. We asked for a ram closest to the specifications we had made. We wanted to correct first of all our glaring faults. He sent us each year the ram he bred or was able to obtain closest to those specifications. He sent a number of the rams. Most of them did well. "Badley Victory" was the first that made our name. He improved the heads of our flock so that they were recognized as being the best on the North American continent. Two years later "Badley Quinton" came along. He was the ram who made us the most from 1948 to 1954. We sold in that period over \$90,000 worth of sons and daughters from him.

When our flock was lost we had increased the wool from 4, 5 and 6 pounds which I mentioned originally to the point that we averaged close to 10 pounds per animal. That is an average. Now wool is not worth a great deal. On the average it will run about 40 cents a pound, but we had doubled the volume of wool per sheep. We had also specialized in extra large sheep. We had a ram which sold for \$3,350. It was born on January 13 and sold on August 13 and on the date he was sold he weighed 193 pounds, in other words around a pound a day. That was a phenomenal ram at that time for the weight and age. Since that time others have come along which ran a little better, but at that time that was the best as far as weight for age is concerned.

What we have concentrated on was money-making sheep. By that I mean sheep that would do well for the other fellow. Our customer could buy a sheep and he would get an animal which would improve his flock. We did a lot of order buying and in sending rams out on order a question we always asked was, where are your sheep wrong, what are the faults. We cannot send you a perfect ram but we can send you the best ram we have that is strong where yours are weak. Through that policy we were able to

build a clientele which year after year purchased from us. Some purchased one year and not in another, but in general people came back and bought from us because they knew our sheep would make money for them.

I am sorry to speak so long, but all I know is the sheep business. I have tried to explain to you the process by which we built up our flock.

Mr. Graham mentioned a bit as to how we kept track of our important sheep, and by the important ones I mean the ones you can take to the shows or the auction and either win in the shows or in the auction command the high prices or among the high prices for that year in the auction market. In latter years we showed very little. We showed at Calgary but that was our own show. We had to support that because our market was all over the United States and we had to put on our show there in order to help sell our sheep. We showed there and the purchasers realized our best sheep other than the ones we wanted to keep ourselves were going to be sold at different auctions in Canada and the United States.

I can go a shade further and elaborate as to how we determined what were good ones. In our flock in round figures 10 per cent of our females produced 80 per cent or better of our best sheep that were raised. The way we kept track of the females was that any ewe which produced a grand champion ram at a big show whether we had shown it or whether it had been sold to someone else and they had shown it, her lamb went in the series of under 100. Any ewe that produced a lamb or yearling that sold for \$500 or more, her lambs went in the series of under 100. Any ewe that produced an aggregate of \$1,000 or more worth of lambs, her lamb went into the series of under 100. We never sold females out of those ewes again. Our country is far from the market and our customers prefer ram lambs. In most of the United States the trade is in yearlings. To sell a lamb for big money he has to be big, which means he has to be born early. The most valuable ewes to us are the ones that would consistently lamb early. We come back to these ewe lambs that were in the series under 100. They were not for sale at my price when they were yearlings. The bucks were taken away on August 8. If they failed to be in lamb before March 1 those ewes were sold because they were lambing late. Those were the ewes we depended upon to obtain the top prices at auctions. These are exceptions in the top ewes. When a ewe was born she had to prove herself all over again the same as her mother. We were trying to avoid selling the consistently good breeding females because those were the ones we depended upon to keep us in business.

Once again I may say I am sorry, gentlemen, to dwell at this length, but I wanted you to understand the picture and to know how we conducted our operation. There is one other point and that is in the case of a complaint. We looked at it from the standpoint of the most successful business firm in Canada which is the T. Eaton Company. The T. Eaton Company has a policy that the customer is always right. In the case of a complaint they make a refund. We did not have a lot of money in cash although we did refund sometimes. What we tried to do was to give a man a credit at a sale for the amount he had paid for the sheep. What happened on that was that usually the man was quite pleased to come to the sale with his credit of \$100, \$200, \$300 or possibly \$500. He would spend that credit, and he would also see some more things that he would like, and he would buy them too. We tried to satisfy our customer. We could not help it if the animals died, but if an animal was not satisfactory, we tried to see that the customer was satisfied. We tried to see that our customers made money on our sheep, because the only way that they could afford to buy from us, was if they were making money on our products.

Another thing we did; if an animal was not satisfactory, sometimes we took it back and refunded the money, and sometimes we replaced it with another sheep. We wanted to satisfy that customer. That was the important thing as far as we were concerned.

One thing I would like to stress, purebred livestock are guaranteed as breeders. When a purebred animal is sold, it is guaranteed between the buyer and seller, given reasonable care, that animal, if it is a male, will sire young, and if it is a female, it will have young. All our bred ewes, and we sold a lot of bred ewes in the United States, were sold with a guarantee that if the ewe did not have a lamb, we would furnish, free of charge, a lamb good enough to have come out of that ewe. In other words, if it was a \$75 ewe, it was a fairly good lamb that they would get. If it was a \$200 ewe, it would be a better lamb. If it was a \$500 ewe, it would be a top lamb. What we tried to do, over the years, was to make money for our customers. The only way they could spend money with us, was if our products made money for them.

By Mr. Harkness:

Q. Mr. Chairman, I wonder if Mr. Rock could tell us what price his sheep, rams and ewes brought at the Calgary shows in the last two years before the flock was destroyed.—A. Sir, I have a statement from our auditor, Christian and Kergan, of Drumheller. It is addressed to P. J. Rock & Son, Drumheller, Alberta.

Gentlemen:

The following is a summary of your sheep sales taken from your income tax returns.

Some Hon. MEMBERS: Hear, hear.—A. 1948, \$42,615.56; 1949, \$34,082.26; 1950, \$60,038.41; 1956, \$45,972.92; 1952, and that is the year of the foot and mouth disease, when Canadian livestock could not go to the United States, \$17,377.31.

Mr. Graham told you earlier that most of our sales were made in the United States. This is the best illustration I have of that break for Canadians and American sales. We realize that Canadian prices were depressed, but also, we sold more sheep in Canada that year than we usually did.

1953, \$45,603.71. I have not the figures for 1954 and 1955, because they are at our auditors. I knew, at 2.30 that I had to come down here, and I did not have time to go to the auditors and get those figures.

Q. I wonder, could you tell us approximately what the average prices were that you got for the rams on the one hand and the ewes on the other?—A. There is a big range, sir. Our high sales were in the United States. The cream sale was at the National Ram Sales, first held at Salt Lake City, Utah, and later moved to Ogden, Utah. That was an invitation affair. When you consigned to it first, you were limited to a pen of five registered rams. Unless that pen of five registered rams made more than the average of the sale, they would not accept a further consignment from you. Your place in the sale was determined by how high your rams sold, in the different classes, the year before. In other words, if the first year you came in, and there were 15 consignors and you had the seventh highest priced pen of five rams, you would stay in the sale, and you would sell seventh in the sale. When you increased your salability, or improved the quality of your sheep, you were allowed to sell a stud ram in addition to the pen of five. If that stud ram sold well, you were allowed to sell more than a stud ram, maybe two stud rams. At the national ram sale, I can give you the top figures. In 1947 we had \$1,000 top for

a single ram. I do not remember the price we had for the pen of five, but I think the Hampshires averaged about \$225 and the Suffolks averaged about \$150, but I am not quite sure of those figures.

In 1948 we had the high ram of the sale, and it was the breed record for the world, at \$3,350. Our second stud ram sold for \$500 and our pen of five sold for just over, or under, \$100 on the market.

In 1949 it was not too good a sale. It was a case where the sheepmen, that year, went to the sale with the bank buying the rams. It was bank money that bought rams that year. We had a high pen of five at \$150. We had two stud rams at \$750, and one at \$400, or \$500.

In 1951 we had a single ram at \$1,100, a lamb at \$1,000 and another at \$650, I believe. Our range pens;—we had two pens of ten—one made \$200 and the other \$300.

In 1952 we were out.

In 1953 we had a \$975 yearling ram, a \$1,000 ram lamb, a \$650 ram lamb, and a world record pen of five registered ram lambs at \$450 a head a pen of ten unregistered rams at \$250, and another at \$175. That was the last time we were able to go.

In respect to Calgary prices, there was usually a good price for a single.

The Calgary sale was started, and we helped to start it, with the idea that rams are used about August 8. It seemed logical to us that, to sell stud rams that were going to be needed on August 8, the time to sell them was in July. So the first sale was 1948. That year we had two ram lambs that were showed at the Calgary exhibition. The first prize animal sold in the Calgary sale for \$470; the second prize animal went to the national rams sale, at Salt Lake City, and sold for \$3,350.

Canadian breeders have begun pay a little more money each year, and in 1952, the foot and mouth year, we sold a ram to an American breeder, for delivery after the foot and mouth embargo was off, for \$1,050, and another ram to a Canadian for \$800.

Western Canadians, and in fact, I think I am safe in saying Canadians in general, for a long time did not appreciate the quality of the sheep that were in our country. They did not realize how much we had to offer in the way of heavier fleeces, more bone, quicker maturity, and with the ability to grow well and sire more strong boned lambs. It was only last year, after our flock had gone, that Canadian sheep sold for their value at Calgary. Last year Mr. Stoneman, from Morrin, sold a single ram lamb for \$1,600, a second for \$1,000, a third for \$1,000, one for \$650, one for \$600, and two for \$325 each. That was seven rams for close to an \$800 average. Those are figures that corresponded to American figures. It was the first year, in my experience, that a Canadian consignor to a Canadian sale had ever obtained prices comparable to United States' prices.

There is one other thing that I can go further with, and that I wish to elaborate on, and that has to do with the Suffolk sheep as a crossing sheep. Earlier I mentioned that the Suffolk sheep could go on the range and sire heavier lambs. He is a clean-faced sheep, and the wool is back of the ears. It is a clean dark-faced sheep. Your rangeman has all breed sheep which are white-faced. Those are slow maturing. They are bred chiefly for wool mutton and characteristics are secondary. The American feeder buyer of lambs has found, over the years, that lambs with 50 per cent black-face sire behind them will feed better, and give him a greater return on his money. He will get his lambs off faster, and they will command a premium. Rangemen want as black a faced lamb as they can get, and to see that the black-face trait gets into the lambs, because without it, he has to sell those lambs as white-faced, whereas they could be cross-bred. In other words, if the breed behind it was not strong enough, it did usually pay in marketing lambs.

Secondly in ranging your bands of sheep in the mountains your wool breed sheep are closed in face. Your Suffolk lamb is open-faced and active. He ranges ahead of the ewes, with the result that, going over the country, he has got the pick of the feed all during the year. Experience has proven that Suffolk cross-breed lambs off mountain ranges will come in from 8 to 18 pounds a head heavier than other lambs.

Now, Canadian Suffolk rams were in big demand because they were heavier boned rams. They would throw heavier lambs and give the American buyer a greater profit on the use of them.

Mr. BRYSON: Mr. Chairman to facilitate the committee could we address questions to either of the witnesses who are here now?

The CHAIRMAN: Yes.

Mr. BRYSON: In that case I would like to ask Mr. Graham this question. You quoted a figure of \$92,100 as being the appraised value you placed on the sheep. Was that a revised figure from some other figure that you had possibly agreed on prior to that?

Mr. GRAHAM: It was a figure that was discussed when I brought all the details down to Ottawa. It was a figure which I had projected and which Mr. Barry had agreed to and which was agreed to on the information I brought down.

Mr. BRYSON: Was there ever a higher figure offered to the department by you and your associates?

Mr. GRAHAM: No, not to my knowledge.

Mr. BRYSON: Possibly Dr. Wells or yourself, sir, can answer this other question: On January 24 this P. J. Rock flock was ordered to be destroyed. Appraisals or valuations commenced, according to your figures, on February 1; is that correct?

Mr. GRAHAM: Yes.

Mr. BRYSON: And yet destruction of these sheep did not commence until February 27, is that correct?

Mr. WELLS: That is right, yes.

Mr. BRYSON: Well then, can you explain the time lapse from January 24, from the time the flock was to be destroyed, until destruction was undertaken. Can you explain that time lapse?

Mr. WELLS: Yes, I explained that this morning. It was necessary first of all to move equipment in following the appraisal by Mr. Graham, and the acceptance of that appraisal, and advising the deputy minister of the appraisal and getting general approval for it. It was also required to make the necessary arrangements for the laboratory in Lethbridge to get the equipment and actually build the electrocuting device and get the vials and bottles and things there, and to move people in from the various parts of the country to handle the electrocution. As I have said the hole had to be dug. It was in the cold part of the year, and it was a difficult proposition. All of those arrangements consumed that time.

Right Hon. Mr. GARDINER: Will you tell him, while you are at it, Dr. Wells, why it is necessary to have all those bottles and to keep all those brains.

Mr. WELLS: I have explained why we were anxious to keep specimens from this flock.

Mr. BRYSON: That is fine, thank you. I understand, and I stand corrected, there were 157 lambs born—or was it 110 lambs born—in that period from January 24 until February 27?

Mr. GRAHAM: There were 110 on the date of the appraisal, February 1.

Mr. BRYSON: I am going to direct this question to Mr. Rock. What percentage of those 110 lambs in your experience would mature and develop into animals that would reach the prize ring and become top-notch animals?

The WITNESS: Sir, that is a difficult question to answer in this way: Animals from our flock have won at the Toronto Royal, have won at Calgary, have won at the Chicago International, and have won at various state fairs in the United States. Now there are smaller fairs than that, and then there are county fairs in the United States, and smaller. We call them "B" fairs in Alberta; and there are "C" fairs that are smaller. Very few of them would not be fit to show at "C" fairs; but there is a mortality, and by a mortality I mean it in this way: that with a good animal you never know what you have until you have fed him to the best of your ability. In feeding him to the best of your ability to get that maximum development some of them, if they are weak in the legs, will go in the legs. The legs will not carry them. Others of them, their backs might not develop too well. Others of them are born with fleece which you do not want.

Now some of those animals can go to youngsters starting off without much money, and do well with them, because they have inherently good breeding behind them. Others are not much good to anyone.

I will give you an illustration. Ours is a mining town. There was a butcher shop there that would take about 35 lambs a year. Any lamb that was not doing too well, when he got to 100 or 150 pounds we would have him killed and dressed, and it went to that butcher shop. Well I know there were 25, 35, or possibly 40 lambs that we killed ourselves and sold the meat to the butcher.

As well as that, in my early days, when I started with sheep, I had to buy flocks. Many times there were animals in those flocks that I did not want at any price, but I had to buy them to get the ones I did want. So that we in our business decided that we did not want any culls around our place and an animal that was not doing well, and we did not know what was the matter with it, it was just getting too old, or not doing well, or failing—well, once or twice or three and sometimes four times a year the truck would be loaded up and they would go to the stockyard or to the abattoir. That is an involved explanation to a simple question, and yet I do not think we can answer it shorter.

By Mr. Bryson:

Q. Well I just want to follow it further. Through the process of elimination over the years you have built up a herd, that is a good herd.—A. Yes sir.

Q. From your experience, if you had 100 of these present lambs today from this highly developed herd, from your experience you must within some reason be able to say about what percentage would reach the prize ring or be a valued animal, not just a commercial animal?—A. I would answer you in this way, sir; belonging to us we probably would market 15 to the stock yards or to a butcher, or they would go for meat. But belonging to most other breeders, may be one or two. I am not saying that as a reflection on other breeders—that is not what I mean, because we were what is considered as a stud flock. We were trying to produce ewes which would found new flocks or assist good flocks, or to sell rams that would add to their standards.

There are other breeders who would sell to people who did not want as high quality of sheep as that, and there are other breeders that multiply.

Q. In view of your statement just now, I am trying to find an answer to the question I now want to ask you: why was it that you set the price pretty well across the board for 110 lambs without giving consideration to the possibility that a good percentage of them would mature into high priced animals?

Mr. GRAHAM: I think the previous witness has already answered that question.

Mr. BRYSON: Yes; and I noticed in the returns filed this afternoon that you said that you handled each sheep and you placed each sheep in a category as to price and quality. Why was there the overall figure of \$50 for 110 lambs? How was that figure arrived at right across the board?

Mr. GRAHAM: If there are any sheep men in the audience they will agree that by the time a lamb is born it is worth about that and it does not increase in value very much in the next few months. I think Mr. Rock will establish that very firmly.

The WITNESS: May I attempt to answer the question?

The CHAIRMAN: Yes, please do so.

The WITNESS: At the time Mr. Graham was there on the 1st February, there were some lambs that would be 27 to 28 days old, and there were some lambs there that were just born. There were many ewes that any sheep man would know would lamb at any time. There were ewes lambing at the time he was there.

In my experience there is the odd lamb that I could pick out at that age and say as to that lamb that I would be able to show it, or that it had the prospect of making a top sale. But there is only the odd one. With most of them you cannot designate them at that time, sir.

By Mr. Bryson:

Q. With respect to the 27 or 28 lambs that were born on or before January 24?—A. There were more than that.

Q. Have you the registration certificates here for them?—A. There are applications for registration, sir. In the normal procedure we do not register any lambs until about April. There are two reasons: firstly, there is no sale until the end of May or June. A lamb might die in that time and obviously we would know what the situation was by that time and we would not have to pay registration fees for those which died. So there was no need to register them before.

Q. You mentioned unregistered sheep.—A. That was in the range rams in the United States.

Q. What percentage of your yearly crop would be of a sort that you would not normally register?—A. Perhaps I had better go back a bit and elaborate a little in order to explain what I meant by that. In 1948 when we sold the ram for \$3,350, naturally the "Bradley Quinton" blood came to be in demand. At that time the National Ram Sale at Salt Lake City had a classification for stud rams which required a pedigree, and it had a classification for pens of five registered lambs; and ten or twenty range rams without pedigrees.

In 1949 when I went back to the sale, I told Mr. Harkness that we did not have too good a sale in 1949. We sold one ram for \$750 and another for less than that. Three men that I knew had quite a bit of money came to me and said: "That ram that I bought from you did awfully well." And I said: "Sir, what ram is it that you are referring to?" "Well, so and so bought your range pen of rams for the National Ram Sale, and ten of us got together and split them up, so that we as breeders, sold them as range rams and a pedigree was not required, but furnished." These men had bought the whole pen, split them up and purchased rams, to use in their flock, at a low price. The sale did not require registration for the rams sold as range rams. In subsequent sales I had one or two pens of range rams. I took the best yearling and the third best yearling. The best was entered as stud and the third best

went with his ear-tags in the ear and the registration certificate. If anything happened to any stud rams I took the registered third best ram from the range pen and sold him as a stud. The others had their ear-tags removed and that would stop men buying rams which we did not want to go into registered stocks.

Q. What did you obtain for those rams?—A. The lowest was in 1947 from \$90 to \$100. In later years Smith Brothers Investment Company at Salt Lake City bought one or two pens sometimes and they brought from \$150 to \$300 a head. We usually averaged between \$150 to \$300 and they sold with the identification tags removed from the ears and no pedigree.

Mr. BRYSON: Mr. Graham, you informed the committee that you based the appraisals and the valuations on the prices that the Rock flock were bringing on the American market.

Mr. GRAHAM: Very largely.

Mr. BRYSON: Is it not a fact that the United States market was closed to the Rock sheep two years prior to the outbreak of scrapie?

Mr. GRAHAM: Yes.

Mr. BRYSON: In that case, sir, how could you reconcile your valuations on a market which had been barred to these people two years prior to the outbreak of the disease?

Mr. GRAHAM: If the same question were asked as to the Canadian market, Mr. Rock was not selling in the Canadian market either, so it was a case of taking the situation as it existed, that is as though the flock had access to its normal markets.

Mr. HANNA: I think we all appreciate the very fine presentations which have been made here, but I think we are getting away from the business for which this committee was set up, namely to look into the allegations which were made against the Department of Agriculture. One of the allegations was that Mr. Rock was a noted Liberal or strong supporter of the Liberal party and, by implication, received special treatment. I would like to ask Mr. Rock if he would care to comment on those rumors or allegations which have been brought forward in the House of Commons.

The WITNESS: Sir, my father and I belong to no particular party. We have never contributed a five-cent piece to the campaign funds of any particular party. We are Canadian citizens. We reserve the right to vote for the man and the party which we think will do the most good for Canada and ourselves.

Mr. HANNA: I have a further question. Would Mr. Rock care to tell the committee what his valuation is of his flock at the time it was destroyed by order of the federal Department of Agriculture?

The WITNESS: Sir, I will answer that question in this way. When Mr. Graham came to value our flock he and I did not see eye to eye at all. As I told you before the top few in our flock had produced the most of the good ones. Mr. Grenville is dead now, but his flock is carried on by his son who purchased a ram from us by "Badley Quinton" for \$1,000. His first-nine (a) sons sold at the National Ram Sale at Salt Lake City in 1952 for \$9,000. There was a pen of five which made \$800 apiece, one sold for \$1,075, another at \$2,000, and another at \$2,025. In our flock I had 4 ewes. They were full sisters to that ram. They are gone and there is no place in the world you can replace that breed. Also I have two sisters to the ram that we sold for \$3,350. Mr. Graham did not consider that those sheep were worth too much money.

I phoned Messrs. Grenville and Trenton and asked them what price I would have to pay next year for their fifteen best yearling and two-year old ewes out of the best females. I asked him that question and I turned the telephone over to Mr. Graham. Will you tell him, Mr. Graham, the figures?

Mr. GRAHAM: The answer was, \$1,000 each.

An Hon. MEMBER: Louder, please.

Mr. GRAHAM: \$1,000 each. That was for ewes from the foundation flock, if it was sold.

The WITNESS: Our best ewes were the same breeding as the sire of those sheep, so that I considered it would not matter if I had \$10 million, I could not buy, at any price, sheep of the quality of our best ones. As well as our female families, up until 1954, we sold over \$90,000 worth of offspring from Bradley Quinton. At the time our sheep were slaughtered, we had in the neighbourhood of 100 daughters of that ram. We also had a number of stud rams—stock rams—none of them perfect, but each of them fit to correct faults in part of the ewe flock. Those were built up and gathered together all over North America and from England, to correct the faults of our females. I cannot replace them. My price, on the best ewes, was \$1,000 and \$1,500.

By Mr. Hanna:

Q. Mr. Chairman, I did not quite catch the total. Would Mr. Rock care to give us a rough figure, which he would consider fair compensation? Would it be \$100,000, would it be more, and if so, how much more?—A. I thought we should at least have got \$150,000. To men that do not know the sheep business, that is a crazy value for sheep. But the point is this: our income tax returns have given us a \$40,000 income a year. The \$40,000 income a year is not all profit. Out of the sheep, money from \$15,000 to \$20,000 was profit, and that carried the rest of the farm. On those figures, I do not think \$150,000 is out, because that is 10 per cent on our money. Who has money that they are getting 10 per cent on today?

Q. In other words, Mr. Chairman, Mr. Rock and son suffered a severe financial loss because of this tragedy that occurred to their flock, is that right, Mr. Rock?—A. Yes, sir. I could put it this way: I have lambed sheep for between 25 and 30 years in the winter, and this year I felt like a fish out of water.

By Mr. Richardson:

Q. Mr. Chairman, there is one question I would like to put to Mr. Rock. I have read the speech that was made in the house on April 1, which gave rise to this committee. Did you have an opportunity of reading that speech, Mr. Rock?—A. No, sir.

Q. No. In that speech, as I read it, there is some suggestion of persistent rumours, is the phrase that was used there, if I recall, about substitutions in the flock before you got your money and compensation for the disposal. As I understood the speech that was made on April 1, one of the members of the house, and in fact the gentleman who made the speech, said that he believed those persistent rumours. Would you care to tell the committee whether there were any substitutions?—A. No, sir. That is completely false. As I have tried to explain, a purebred breeder, who is trying to do a good job of improving the livestock that he is working with. That might be sheep, cattle, goats or it might be horses. The pedigree in that regard, is an

application signed by the breeder, that the animal was sired by such and such a sire, and out of such and such a dam. In our case, in respect to substitutions, that would be completely contrary to the principle upon which we built up a good business.

Some Hon. MEMBERS: Hear, hear.

By Mr. Hanna:

Q. Mr. Chairman, may I ask Mr. Rock another question. In that same speech, as I recall, the rumours were that some of the flock were moved to a farm in Manitoba. Is that so?—A. That, sir, is completely false again. I can elaborate a bit in respect to how that rumour could have got started.

In 1954, toward the end of March, our flock was quarantined, after the report from Connecticut. That quarantine was lifted about May 10. A lady in Manitoba wanted to buy a show flock. I told her about what had happened to the sheep, and that there was a suspicion that there might have been scrapie in the flock. I had never seen it myself in the flock, but there could be that disease in the flock. I said, "if you want to buy them you can, and if you do not, it is perfectly all right." She bought two ram lambs, and two ewe lambs, and 2 yearling ewes. She showed them in Manitoba and did well with them, and she showed them in Toronto and did well with them there. She was not an experienced lady with sheep. She did not fit them, nor trim them. If those sheep had been in more experienced hands, they probably could have won more better prizes than they did.

The CHAIRMAN: Are there any other questions, or shall we adjourn until tomorrow at 11.30?

Mr. PROUDFOOT: Mr. Chairman, there have been accusations made here. The member from Moose Mountain has said—

Mr. McCULLOUGH (*Moose Mountain*): Mr. Chairman, I am quite prepared to go on all evening if there is going to be any—

Some Hon. MEMBERS: Sit down, sit down.

Mr. PROUDFOOT: He has said that he has every reason to believe that these rumours are true. I think we have witnesses here, and Mr. Rock has come here, and I think probably the member for Moose Mountain should produce the man or men who gave him that information.

Some Hon. MEMBERS: Hear, hear.

Mr. PROUDFOOT: I think, in all fairness to Mr. Rock, and to those officials of the Department of Agriculture, that it is his duty, as a member of parliament, representing a constituency in this great Canada of ours, to produce the men who started these rumours, if they are rumours, or assure us that they are not true.

Mr. McCULLOUGH (*Moose Mountain*): Mr. Chairman, in answer to the hon. member, who has just brought this matter up, may I say to him that, before this committee is through, I think I will have something to say, that will make it clear the Right Hon. Minister of Agriculture never gave information to the House of Commons last year in such a way that there were certainly statements which are not borne out today and as I say, persistent rumours, just as Mr. Rock indicated today, persisted. I would be one of the happiest people if before this committee sees fit to adjourn, we could get to the bottom of this matter.

Right Hon. Mr. GARDINER: My hon. friend has referred to the information he got last year. That information it is true, is on *Hansard* as coming from me. But as he knows, and as everybody in this committee knows, and some of the gentlemen who are now here know—they are sitting in front of me—they

gave me the same information that you have had in this meeting today. And my friends, I am sure, can produce the one figure which was 674 where now it is 654. I won't swear as to what I said. I took the responsibility for that mistake this morning if it was a mistake. But in view of some of the experience some of us have had, I am not too sure whether that was the figure at that time or not. But I am taking responsibility for it being there. I could have changed it afterwards. Some people object to changes being made in *Hansard*; but it could have been changed at the time to 654, but it was not done. And there are other small things which might be there. But generally speaking the information is all in *Hansard* and it can be read and it will not vary greatly from the information given here today.

I know that the hon. member has nothing else in mind but to have some skull-duggery done to the Minister of Agriculture. He has not been thinking of the men giving evidence. He is thinking of me. But I am prepared to deal with that at the proper place and at the proper time.

There is no skull-duggery; and as was said by a member a few moments ago, my hon. friend—unless he can produce more than he has produced up to now, owes an apology to Mr. Rock. If he made such a statement outside the house that he made on Monday, I know that Mr. Rock would be able to deal with that himself.

Mr. TUCKER: There was one statement made very definitely by the member for Moose Mountain. He said that Mr. P. J. Rock was well known and probably one of the most prominent Liberal supporters in Alberta. That is a definite statement of fact. I wonder if any part was taken by Mr. P. J. Rock which would give anyone the right to say that he was one of the most prominent Liberal supporters in Alberta?

Right Hon. Mr. GARDINER: The insinuation in that statement at the beginning that this man was the greatest Liberal supporter in Alberta, and the inference later on that somebody got \$100,000 that they were not entitled to can be given only one interpretation, and it would have been given only one interpretation if this meeting had not been held. I would like to know if my hon. friend meant that or if he did not mean it.

Mr. McCULLOUGH (*Moose Mountain*): Mr. Chairman, I would like to ask Mr. Rock this question. He has put on record from 1948 the various amounts of sales made from his farm. Could you give us a breakdown of the various prices, the various ages of the sheep and the various categories?

Mr. TUCKER: I have a question I would like to ask. There was a statement made by the member for Moose Mountain—

Mr. McCULLOUGH (*Moose Mountain*): On a point of order. Who has the floor?

Mr. TUCKER: I did not try to take the floor from you previously when you were questioning the witness.

Mr. McCULLOUGH (*Moose Mountain*): I have been sitting in my seat here waiting for somebody to finish speaking.

Mr. TUCKER: I suggest if you do not want me to have the opportunity of asking a question I will not ask it until you are through. You made a statement and I want the witness to say if Mr. P. J. Rock at any time took any action politically which would justify anyone in saying he was one of the most prominent Liberal supporters in Alberta. I want to know what action you took politically that would justify anybody making that statement?

The WITNESS: I have a letter from my father dated April 2, 1957: "Today I had a phone call from Mr. Foster of the Telegram newspaper in Toronto. He said it was stated in the House of Commons on April 1 that we had shipped sheep to Manitoba, some sheep out of the 600 quarantined. My answer was no.

He also said it was intimated I had contributed largely to the Liberal fund. My answer was I had never contributed one five cents to any political fund of any party and I am not a member of any political party. Signed P. J. Rock, Drumheller."

The CHAIRMAN: We will adjourn until tomorrow morning at 11.30. The house meets at 11 o'clock so we will meet after the orders of the day.

The committee adjourned.

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Fifth Session—Twenty-second Parliament
1957

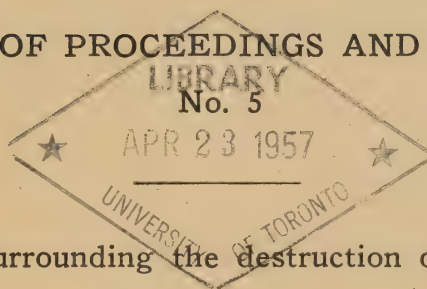
STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: RENÉ N. JUTRAS, ESQ.

MINUTES OF PROCEEDINGS AND EVIDENCE



Circumstances surrounding the destruction of the P. J. Rock
and Son Flock

THURSDAY, APRIL 4, 1957

WITNESSES:

Dr. K. F. Wells, Veterinary Director General; Mr. J. W. Graham, Chief of
Live Stock Division; Mr. Phillip J. G. Rock, Drumheller, Alberta.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1957.

ORDER OF REFERENCE

THURSDAY, April 4, 1957.

Ordered,—That the name of Mr. Cameron (*Nanaimo*) be substituted for that of Mr. Nicholson on the said Committee.

Attest.

LEON J. RAYMOND,
Clerk of the House.

MINUTES OF PROCEEDINGS

House of Commons, Room 277,

THURSDAY, April 4th, 1957.

The Standing Committee on Agriculture and Colonization met at 11.30 o'clock a.m. The Chairman, Mr. René N. Jutras, presided.

Members present: Messrs. Anderson, Argue, Batten, Bennett, Bruneau, Bryce, Bryson, Cameron (*Nanaimo*), Cardiff, Charlton, Deslières, Forgie, Gardiner, Gingras, Goode, Hanna, Harkness, James, Jutras, Kickham, Kirk (*Antigonish-Guysborough*), Laflamme, Lafontaine, Légaré, Mang, Massé, Matheson, McCubbin, McCullough (*Moose Mountain*), Montgomery, Purdy, Quelch, Richardson, Roberge, Robichaud, Robinson (*Bruce*), Schneider, Shaw, Smith (*Battle River-Camrose*), Tucker. (40).

In attendance: From the Department of Agriculture: Dr. J. G. Taggart, Deputy Minister; Dr. K. F. Wells, Veterinary Director General; Dr. R. B. Catt, Edmonton Sub-District; Dr. R. Connell, Lethbridge Veterinary Research Station; Mr. J. W. Graham, Chief, Live Stock Division, Production Branch; Mr. E. G. Brimcombe.

Also, Mr. Phillip J. G. Rock, of Drumheller, Alberta; Mr. F. G. Hodgkin, and Mr. F. G. Clark, respectively Director and Assistant Director, Canadian National Live Stock Records.

The Committee resumed from Wednesday, April 3rd, consideration of the charges contained in a speech of Mr. McCullough (*Moose Mountain*), as reported in Hansard of April 1st, 1957, pages 2923-26.

Dr. Wells, Mr. Graham and Mr. Rock were further examined.

And the examination of these witnesses still continuing, it was postponed until the following sitting.

At 1.00 o'clock p.m. the Committee took recess.

AFTERNOON SITTING

The Committee resumed at 3.00 o'clock p.m. The Chairman, Mr. René N. Jutras, presided.

Members present: Messrs. Anderson, Argue, Batten, Bennett, Bruneau, Bryce, Bryson, Cameron (*Nanaimo*), Cardiff, Deslières, Forgie, Gardiner, Goode, Gour (*Russell*), Hanna, Harkness, James, Jutras, Kickham, Laflamme, Lafontaine, Légaré, Mang, Massé, Matheson, McCubbin, McCullough (*Moose Mountain*), Montgomery, Proudfoot, Purdy, Quelch, Richardson, Roberge, Robichaud, Schneider, Shaw, Smith (*Battle River-Camrose*), Tucker. (38).

In attendance: The same officials as are listed in attendance at the morning sitting.

The Committee resumed consideration of the charges contained in the speech of Mr. McCullough (*Moose Mountain*) as reported in *Hansard* of April 1, 1957, pages 2923-26.

Dr Wells, Mr. Graham and Mr. Rock were further examined.

And their examination still continuing, it was postponed until the next sitting.

At 6.00 o'clock p.m. the Committee took recess.

EVENING SITTING

The Committee resumed at 8.30 o'clock p.m. The Chairman, Mr. René N. Jutras, presided.

Members present: Messrs. Anderson, Argue, Batten, Bennett, Bruneau, Bryce, Bryson, Cameron (*Nanaimo*), Cardiff, Deslières, Forgie, Gardiner, Gingras, Goode, Hanna, James, Jutras, Kickham, Laflamme, Lafontaine, Légaré, Lusby, Mang, Massé, Matheson, McCubbin, McCullough (*Moose Mountain*), Montgomery, Quelch, Roberge, Robichaud, Schneider, Shaw, Smith (*Battle River-Cambrose*), Stanton, Tucker, Villeneuve. (37).

In attendance: The same officials as are listed in attendance at the morning sitting.

The Committee continued consideration of the charges contained in a speech of Mr. McCullough (*Moose Mountain*) as reported in *Hansard* of April 1st, 1957, pages 2923-26.

Dr. Wells, Mr. Graham, and Mr. Rock were further examined.

Mr. Argue moved that the record of sales from the P. J. Rock and Son flock between January 1, 1954 and February 1, 1956, be brought before this Committee for examination.

After debate thereon, the question on the said motion was put and resolved in the negative on the following recorded division:

Yeas: Messrs. Argue, Bryce, Bryson, Cameron (*Nanaimo*), McCullough (*Moose Mountain*), Quelch, Shaw, Smith (*Battle River-Camrose*);—(8).

Nays: Messrs. Bennett, Bruneau, Deslières, Forgie, Gardiner, Gingras, Goode, Hanna, James, Kickham, Laflamme, Lafontaine, Légaré, Lusby, Mang, Massé, Matheson, McCubbin, Roberge, Robichaud, Schneider, Tucker, Villeneuve. (23).

The Chairman, therefore, declared the proposed motion lost.

And the examination of the witnesses above referred to still continuing, it was postponed until the next sitting.

At 10.15 o'clock p.m. the Committee adjourned to meet again at 11.00 o'clock a.m. Friday, May 5, 1957.

Antoine Chassé,
Clerk of the Committee.

EVIDENCE

THURSDAY April 4, 1957. 11:30 a.m.

The CHAIRMAN: Order, gentlemen. May I ask the witnesses who appeared yesterday to come forward.

Mr. ARGUE: Mr. Chairman, I have a point of order and a point of procedure which I would like to raise. Yesterday I asked Dr. Wells for information as to the number of sheep, the identity of the sheep and the value of each individual sheep sold from the flock over a period of a number of years. I mentioned the date March 26 as the date of the first quarantine and I asked that the information which was obtained after that time be made available to the committee. The answer was the information was in the Calgary records. I think it is readily understandable why this information is absolutely essential to the proceedings of this committee, including the information as to the value of the animals sold from the flock after the first quarantine in order to decide here whether or not an excessive appraisal was made. I am wondering if those records have been sent for?

Mr. WELLS: Mr. Chairman, we are attempting to check now. We do not have the value of the animals sold. When we request information with respect to sales from the flock quarantined we are not concerned with money changing hands. We are concerned with the animals. We are attempting now to go to our records here in order to try to pick up those sales in numbers.

Mr. ARGUE: I think the information as to the value of each individual animal sold should be made available to this committee. I am not saying you now have that information, but I think a report should be made and Mr. Rock or the officials should supply the committee with the information because surely the value of the sheep sold after the first quarantine was lifted is important in the decision as to the value of the compensation.

Mr. WELLS: Perhaps Mr. Rock will be able to provide that information.

Mr. ARGUE: I would appreciate the records to which you have referred. When we obtain those records we can take them and then go on and obtain the additional information which is available.

The CHAIRMAN: I might say Mr. Rock had all this information with him yesterday, but unfortunately he has mislaid his briefcase in the course of the proceedings last evening and he has not been able to locate it yet. Should he be able to find the documents in this case or his briefcase he will be able to give you all that information himself.

Mr. ARGUE: Was it left in this building?

Right Hon. Mr. GARDINER: He had it here last evening.

The CHAIRMAN: The matter is being looked into now by the protective staff.

Are there any other questions before we go on?

Mr. CAMERON (Nanaimo): Mr. Chairman, I have some questions to ask Mr. Graham. Mr. Graham, I understood you to say you and one other gentleman were responsible for all the appraisals which took place. Is that correct?

Mr. GRAHAM: Yes, sir.

Mr. CAMERON (*Nanaimo*): I wonder if you would explain to the committee the exact procedure you went through. May I ask this first. At what time of day did you begin your appraisals?

Mr. GRAHAM: About 10 o'clock in the morning.

Mr. CAMERON (*Nanaimo*): When did you complete them?

Mr. GRAHAM: Around 5:30 or 6 o'clock.

Mr. CAMERON (*Nanaimo*): Did you have a luncheon break?

Mr. GRAHAM: Yes.

Mr. CAMERON (*Nanaimo*): It was about six hours you were on the job?

Mr. GRAHAM: More or less.

Mr. CAMERON (*Nanaimo*): How many sheep did you appraise during that period?

Mr. GRAHAM: 384 mature sheep and 110 lambs, a total of 494.

Mr. CAMERON (*Nanaimo*): Could you explain to the committee what your procedure was in this appraisal. I understood you to say yesterday you had handled the sheep. Is that correct?

Mr. GRAHAM: That is right, sir.

Mr. CAMERON (*Nanaimo*): Just the two of you?

Mr. GRAHAM: I explained there were two other people from our own division there actually helping with the identification. Mr. Rock also had several helpers bringing in the sheep which were passed one by one through a press. The identification was taken of each individual as it passed through and an appraisal made of its condition, breed, characteristics and so on. We split them into various categories as is done when anyone is appraising livestock. It is done in that fashion. You may either use one, two, three, four, or choice, good, fair, poor, and you make a category.

Mr. CAMERON (*Nanaimo*): At that time did you keep a record of the tag numbers?

Mr. GRAHAM: Yes.

Mr. CAMERON (*Nanaimo*): You were carrying on this inspection under the direction of Dr. Wells?

Mr. GRAHAM: No, sir.

Mr. CAMERON (*Nanaimo*): You did not report it to him?

Mr. GRAHAM: No, sir. I reported to Mr. Barrie, our director.

Mr. CAMERON (*Nanaimo*): There seems to be a discrepancy in your evidence and the evidence of Dr. Wells who told us the tag numbers were not taken until the sheep were slaughtered.

Mr. WELLS: Excuse me. I did not say that.

Mr. GOODE: He did not say that.

Mr. CAMERON (*Nanaimo*): I will leave it for the time being. You told us you were the only people who did the appraising?

Mr. GRAHAM: Yes, sir.

Mr. CAMERON: Then are we to assume from that, Mr. Graham, when the Minister of Agriculture told the House of Commons last year on July 13, 1956, as reported at page 5961 of Hansard for that year that the valuation of the flock was made by independent valuers who were brought here from the United States to do the job and that they valued the sheep at \$160,000, as far as you are aware this must have been a figment of the minister's imagination.

Right Hon. Mr. GARDINER: I think I should answer that.

Mr. CAMERON (*Nanaimo*): I do not think so.

Right Hon. Mr. GARDINER: I do.

Mr. CAMERON (*Nanaimo*): On a point of order. Mr. Chairman, the Minister of Agriculture is a member of this committee; that is his capacity here.

Right Hon. Mr. GARDINER: This gentleman does not know whether or not it is a figment of my imagination and I do.

Mr. CAMERON (*Nanaimo*): If Mr. Gardiner wishes to cross-question the witness later that is his privilege as a member of the committee.

The CHAIRMAN: Your question was really a question directed to the minister. I am sure when ask a question you want an answer. The proper person to answer would be the minister.

Mr. CAMERON (*Nanaimo*): My question was: as far as Mr. Graham is concerned these evaluators from the United States must have been a figment of the minister's imagination.

Mr. GOODE: On a question of privilege. Does Mr. Graham know whether or not this statement was made by the Minister of Agriculture? If he does know then of course I think he should give Mr. Cameron the answer. If he does not know the statement was made he cannot comment on it.

Mr. GRAHAM: I have no knowledge of the statement having been made by the minister.

Mr. GOODE: Then how can he answer?

Mr. CAMERON (*Nanaimo*): Then we must assume it was a figment of the minister's imagination.

Right Hon. Mr. GARDINER: On a question of privilege. On page 5961 of *Hansard* of July 13, 1956, there is this statement made by Mr. Quelch:

Perhaps the minister can explain that point. Is the compensation supposed to represent the actual value of the flock, or is the individual supposed to stand a certain amount of the loss and the government a certain amount? I agree with the minister that actually that flock was probably worth more than \$100,000 in terms of the price that could have been received had they been sold at purebred stock shows. I am just wondering whether or not the government does feel that it should pay the full realizable value of the flock?

That is the question. I say "the valuation of the flock...". Possibly I should have said, "a valuation of the flock".

The valuation of the flock was made by independent valuers who were brought here from the United States to do the job. They valued the sheep at \$160,000, and the amount paid was \$100,000, which is \$60,000 less than the sheep were valued at.

There may have been one mistake in that. I listened to what Mr. Rock said last night. He will know more about this than anyone else. I listened to what he said and I am not certain the valuers were brought here from the United States, but I am as certain as anyone can be because of the statements made at the time that an evaluation was received from the United States. Also I have learned since that time—and I think I am right in this and if not Mr. Rock will be able to correct me—that Mr. Rock I believe has been asked to do some valuating himself on account of flocks being destroyed in the United States, perhaps not for the government but for someone.

As to what actual valuations were made by Americans—and I think there were more than one of them—Mr. Rock will be able to answer that. My statement was made on information brought to me to that effect.

Mr. CAMERON (*Nanaimo*): But the minister said "the valuation". He made no mention at that time of the valuation made by officers of his own department.

Right Hon. Mr. GARDINER: There was no reference on July 13th to that particular valuation?

Mr. CAMERON (*Nanaimo*): No. Mr. Chairman, I must insist that the minister must realize he is only a member of the committee even though he is seated up there among the mighty.

The CHAIRMAN: This is a point which has been raised again and again. It has been a well accustomed practice during all the time I have been a member of parliament, for the last sixteen years, that whenever a matter is brought before a committee which relates to a particular department the minister of that department sits at the table and gives evidence to the committee even if he is not a member of the committee. In this case the minister, apart from being the minister concerned, is also a member of the committee. He has a definite right to speak and to take part the same as has anybody else and there should not be any reflection made because of the fact that he is at the table because that is the proper place for him to be.

Mr. CAMERON (*Nanaimo*): But not to interrupt other committee members when they are on their feet, I submit, Mr. Chairman.

Right Hon. Mr. GARDINER: On a question of privilege. The rules say that if you do not raise it at that time, you are not permitted to raise it at all. You must raise the question at the time if present.

Mr. CAMERON (*Nanaimo*): Mr. Graham, when you were sent to make this appraisal, were you informed of this evaluation, which the minister placed so much emphasis on in the House of Commons? Were you informed that there had been any valuation which was, incidentally, \$10,000 more than the owner of the flock estimated the value at last night? Were you informed of that?

Mr. GRAHAM: I was informed of no evaluation at all, sir.

Mr. CAMERON (*Nanaimo*): I beg your pardon?

Mr. GRAHAM: I was informed of no evaluation at all.

Mr. CAMERON (*Nanaimo*): Does it not strike you as rather extraordinary, sir, that when you were sent out to do the evaluating, for the department, that you were not informed of the evaluation that the minister considers so important?

Some Hon. MEMBERS: Oh, oh.

Right Hon. Mr. GARDINER: This was July 13, almost six months later.

Mr. ARGUE: After they were dead?

Right Hon. Mr. GARDINER: This statement I made, was almost six months after the evaluation was made, and it had no effect on the evaluation at all, and could not have had an effect.

Mr. CAMERON (*Nanaimo*): But the evaluation took place before they were destroyed, I presume?

Right Hon. Mr. GARDINER: Oh, yes.

Mr. CAMERON (*Nanaimo*): I submit, Mr. Chairman, that it was an extraordinary thing, that Mr. Graham was sent out there, and was not informed of this, apparently, independent evaluation that took place.

An Hon. MEMBER: Ask a question, do not make a statement.

Mr. CAMERON (*Nanaimo*): Mr. Chairman, I am going to ask Mr. Graham this; when he was evaluating his flock—

Mr. TUCKER: Mr. Chairman, there is one thing I think I should say, in all fairness. The member was not here, and did not hear the evidence, and

I do not think he should try to say that Mr. Rock said something different from what he did say. I think the member should be very careful about what he does say about that.

Mr. CAMERON (*Nanaimo*): I said that—

Mr. TUCKER: As I recall, Mr. Rock said yesterday, that he valued his flock from \$150,000 to \$160,000 and at a very minimum \$150,000. The member is suggesting that Mr. Rock put a value of \$150,000 on his flock and I think that it is—

Mr. CAMERON (*Nanaimo*): Mr. Chairman, I submit you should try to get some order. What is your point of order?

Mr. TUCKER: The point of order is; you misstated the evidence of Mr. Rock, and you misstated the evidence without having heard the evidence.

Mr. CAMERON (*Nanaimo*): I did hear the evidence. I was sitting here in this room.

Mr. TUCKER: It is just that much more inexcusable for you to misstate the evidence. It is doubly inexcusable if you did hear the evidence, to misstate it, and try to mislead the witness on the basis of that misstated evidence.

Mr. CAMERON (*Nanaimo*): Mr. Chairman, I would submit this; as both Mr. Rock and Mr. Graham were present last night, when the statement was made, either one of them could have corrected me then, but it has been left to Mr. Tucker to correct me.

Mr. TUCKER: I submit that we have a right to take part in the proceedings of the committee, and that neither of them have the right to take part. It is not the proper thing, in a committee, for witnesses to interrupt in these matters. It is for the members of the committee to see that justice is done by the witnesses, who appear here, in spite of people like yourself, who apparently do not wish to do so.

Some Hon. MEMBERS: Oh, oh.

Mr. CAMERON (*Nanaimo*): Mr. Chairman, I really must protest. This is fantastic, and it arises merely because we are getting close to the point.

Right Hon. Mr. GARDINER: You are not getting close to anything, you are miles away.

Mr. CAMERON (*Nanaimo*): I would like to ask Mr. Graham this: would you agree that the value of any animal is based first, on what it will bring on the market, and on what its offspring will bring on the market?

Mr. GRAHAM: Yes, I think that is a proper statement, sir.

Mr. CAMERON (*Nanaimo*): That is a fair statement?

Mr. GRAHAM: Yes.

Mr. CAMERON (*Nanaimo*): Mr. Graham, we have had evidence, before the committee, that from March 26, 1954, Mr. Rock has been, most unfortunately, unable to sell any of his stock in the United States. Would you agree—

An Hon. MEMBER: Oh, no.

Mr. CAMERON (*Nanaimo*): Excuse me, we have had that evidence.

Would you agree, Mr. Graham, that that being the case, a large part of the value of this flock was destroyed before the government took any action?

Mr. GRAHAM: Not in my opinion, sir.

Mr. CAMERON (*Nanaimo*): I beg your pardon?

Mr. GRAHAM: Not in my opinion, sir.

Mr. CAMERON (*Nanaimo*): Not in your opinion?

Mr. GRAHAM: No.

Mr. CAMERON (*Nanaimo*): Even though they were not marketed?

Mr. GRAHAM: If I could pursue that a little further. At the same time, Mr. Rock was not selling stock in Canada, to any extent, and if we carried that idea further, we could have offered Mr. Rock nothing for his entire flock.

Mr. CAMERON (*Nanaimo*): I beg your pardon, I did not hear that.

Mr. GRAHAM: I say, at the same time, Mr. Rock's sales in Canada had been curtailed. If we had operated on the basis of the value of his present Canadian or American sales, he would have received nothing for his flock.

Mr. CAMERON (*Nanaimo*): I intend to ask Mr. Rock for some particulars in that respect later, and I am most regretful that he has lost the information that he failed to give us last night.

The CHAIRMAN: No, no.

Some Hon. MEMBERS: Oh, oh.

Mr. RICHARDSON: Mr. Chairman, on a question of privilege. I think you should withdraw that. He gave his information in a very creditable way. He did not fail at all, not at all.

Mr. CAMERON (*Nanaimo*): I will deal with Mr. Rock when his turn comes.

The CHAIRMAN: In all fairness to the witness, Mr. Cameron, and I think I am interpreting the feeling of the committee when I say, that Mr. Rock certainly did not attempt to hide any information. When he sat down, he was willing to pursue any point that he was dealing with. He, himself, asked me on two occasions, if his evidence was sufficient, or too much. Nobody asked him any further questions, and everybody seemed to be satisfied with what he said. In all fairness, I think you should not insinuate that he withheld any information.

Some Hon. MEMBERS: Hear, hear.

Mr. CAMERON (*Nanaimo*): Mr. Chairman, Mr. Rock was asked repeatedly if he could even give an estimate, to this committee, of the proportions of sales, from his flock, that were made on the high priced category breeding stock market, and what proportions were made on the commercial market. Every time he was asked that he was unable to give that information. He was asked several times.

Mr. GOODE: That is not right.

Mr. CAMERON (*Nanaimo*): Mr. Graham, you still maintain, do you sir, that the fact that, according to Dr. Wells, the American market was effectively closed to Mr. Rock, and according to Mr. Rock, the American market was the most valuable part of his market, nevertheless this flock had the same value that it had before March 26, 1954?

Mr. GRAHAM: I believe, in my evidence yesterday, I said I would freely admit that I accepted Mr. Rock's series of sales, in the United States as part of the basis upon which our evaluation was made.

Mr. CAMERON (*Nanaimo*): But Mr. Graham, you have not answered my question. Those sales took place before the United States market was closed to Mr. Rock. Can you tell me, that you would still consider, that his flock was of the same value, when that market had been closed to him?

Mr. GRAHAM: I see no reason why it should be otherwise, sir. Mr. Rock had been selling on the United States market for 15 or more years, previous to this. Personally, I could not leave that fact out of my considerations.

An Hon. MEMBER: Quite right.

Mr. CAMERON (*Nanaimo*): Yet, there was evidence that that market was definitely closed to Mr. Rock?

Mr. SCHNEIDER: Why was it closed?

Mr. CAMERON (*Nanaimo*): It was closed because of United States action.

Mr. SCHNEIDER: It was closed because of what?

Mr. GRAHAM: It was closed to Mr. Rock on account of scrapie, or so-called scrapie in his flock, yes. Mr. Rock, yesterday afternoon, mentioned sales made by the late Mr. Grenville, of stock of the same line of breeding as Mr. Rock had in his flock. Mr. Grenville's stock was not barred from the United States, and the prices he received there, I think substantiate my stand that, I was quite right in using the United States market as a basis for evaluation.

Mr. CAMERON (*Nanaimo*): Would you not agree, Mr. Graham, that in the case of Mr. Grenville's flock, the stock was salable, whereas, in the case of Mr. Rock's stock, it unfortunately was not. Is that not correct?

Mr. SCHNEIDER: As a result of the disease. That is what the compensation was for.

Mr. ROBICHAUD: Why were they compensated for?

Mr. GRAHAM: Mr. Rock was, of course, prevented from selling to the United States. However, I saw no reason to believe that that should be charged against him, in making an evaluation on his flock.

Mr. CAMERON (*Nanaimo*): Mr. Graham, the purpose of this evaluation, was to recompense Mr. Rock for action taken by the Canadian government in destroying property values that he owned, is that correct?

Mr. GRAHAM: Essentially, yes.

Mr. CAMERON (*Nanaimo*): That would be the principle upon which the compensation would be paid. Does it not occur to you, Mr. Graham, that when a large part of the value of the flock had already been destroyed, that you should appraise it on the basis of what that flock was valued at then?

Mr. GRAHAM: No, sir, I did not see it in that light at all.

Mr. CAMERON (*Nanaimo*): You did not see it in that light at all?

Mr. GRAHAM: No, sir.

Mr. CAMERON (*Nanaimo*): Mr. Graham, had this flock been burned to death, chased by dogs, drowned or in any other way destroyed, so that it was no longer salable, would you then overlook the fact that it was no longer salable, and evaluate that flock on the basis of values that previously existed?

Mr. GOODE: A question of privilege, Mr. Chairman. The hon. member is talking about something that comes under the municipal councils, and I do not think Mr. Graham is qualified to answer for them. If a sheep is killed by a dog, it does not concern this government at all, and has nothing whatever to do with Mr. Graham.

Mr. CAMERON (*Nanaimo*): It is a destruction of value. I would like you again, Mr. Graham, to bear in mind the statements that were made by Dr. Wells regarding the attitude of the American authorities, in stopping sheep coming from the Rock farm, and under no circumstances would they admit them to the United States. Does it not occur to you that, unfortunately for Mr. Rock, the value of his flock had been destroyed before the government took action? Where could he sell them, can you tell us that? Where could he sell them at those prices?

Mr. GRAHAM: I could not make any evaluation on that basis, sir. I could not overlook the fact that the United States was Mr. Rock's market, even though he had been barred from it for the moment. This restriction might have been lifted at any time, and he might have been able to send his sheep to the United States at any time.

The CHAIRMAN: I think I should make a suggestion at this stage. I think an attempt at a shortcut, in defining the purposes of the act, was made a moment ago. Possibly Dr. Wells could state what the actual definition is, because you

are dealing with the purposes of the act, in various ways. For the purposes of the record, it may be a good idea to have the exact definition of the purpose of the act, as stated in the act.

Mr. WELLS: Mr. Chairman, section 12, subsection (2) of the Animal Contagious Diseases Act says:

(2) The compensation ordered to be paid under this section for an animal slaughtered under the provisions of this act shall be the market value that the animal, in the opinion of the minister or some person appointed by him, would have had immediately before slaughter if it had not been subject to slaughter under the provisions of this act, except that the compensation shall not exceed—

And then it goes on to deal with the case I discussed yesterday, when Dr. Charlton raised the tuberculosis issue.

Mr. ARGUE: What section is that?

Mr. WELLS: That is section 12 of the Animal Contagious Diseases Act.

So Mr. Chairman, the animals were being valued for compensation purposes on the basis that they had not been devalued through the existence of disease.

Mr. CAMERON (*Nanaimo*): No, Dr. Wells. As you pointed out, several times yesterday, it was the economical effect of scrapie, that you people had in mind. Are you submitting that Mr. Rock's stock, between the date of March 26, 1954, and the day on which they were destroyed, had the same marketable value they had before March 26, 1954?

Mr. WELLS: Mr. Chairman, I was very careful to state yesterday that the United States did not take any formal action, whatsoever, to prohibit sheep from Canada coming into the United States. They were very careful to take extremely informal action with respect to that, which indicated that they did not have any intentions of making a permanent restriction, in so far as I am aware.

Mr. CAMERON (*Nanaimo*): On what grounds would you not agree?

Mr. WELLS: Because when the border is opened, a backlog can move very quickly. We ourselves experience that when borders are closed to us.

Mr. CAMERON (*Nanaimo*): Would you have expected, Dr. Wells, that had the government of Canada not taken this action of destroying Mr. Rock's flock, that he would have been able, in the foreseeable future, to sell to the same type of individuals to whom he has been selling in the United States, stock from the flock in which the scrapie had been diagnosed?

Mr. WELLS: That would depend entirely upon the attitude of the United States, for which I cannot speak. On the other hand, it is known that if the flock had remained free for a sufficient length of time, that the United States authorities would be satisfied that the disease did not exist, I am confident that they then would have opened up the border to Mr. Rock's flock.

Mr. CAMERON (*Nanaimo*): I understood you to say yesterday that you were unable to say—that is, you and your fellow scientists—that you were unable to state the period of incubation of this disease and, secondly, how long a period of time would have to elapse before the flock could be considered free of danger.

Mr. WELLS: I was also very careful to say at the same time that the estimated period of incubation was from 18 months to three years.

Mr. CAMERON (*Nanaimo*): But you also said that you had no valid grounds for assuming that it was necessarily limited to that.

Mr. WELLS: And I also said that it was 18 months to three years.

Mr. CAMERON (*Nanaimo*): Yes, but you also said that that was not a definite period.

Mr. WELLS: Yes, but I also said 18 months to three years.

Mr. CAMERON (*Nanaimo*): And that it might not go beyond three years.

Mr. WELLS: Yes; but I did state three years.

Mr. CAMERON (*Nanaimo*): And then, in your opinion, had the government not destroyed Mr. Rock's flock, and had the market insisted that he segregate the sheep that were diagnosed, or suspected of scrapie, in three years time he could have begun to sell again in the United States market.

Mr. WELLS: No, that is not my opinion.

Mr. CAMERON (*Nanaimo*): Then, do you agree that there was a devaluation of that flock so long as that particular stock remained there?

Mr. WELLS: No, I do not.

Mr. CAMERON (*Nanaimo*): Then when would you consider that its value would come back?

Mr. WELLS: It would depend entirely upon the attitude of the United States, and the continued freedom of the Rock flock from evidence of scrapie.

Mr. CAMERON (*Nanaimo*): Then you say that at the present time—at the time they were destroyed—a destruction of values had taken place?

Mr. WELLS: No.

Mr. CAMERON (*Nanaimo*): You did not?

Mr. WELLS: No.

Mr. CAMERON (*Nanaimo*): You just told us that you would consider that the value would be restored?

Mr. WELLS: I never mentioned restoring the values; I have not used the word.

Mr. CAMERON (*Nanaimo*): But I did. I asked you; I asked you when you would consider that the value had been restored, and your answer to me was when the Rock flock had passed a sufficient period of time to be declared free.

Mr. WELLS: I misunderstood your question. I thought your question was: "When would the sheep be again admitted to the United States?" Because I said it would entirely depend upon the United States attitude.

Mr. CAMERON (*Nanaimo*): And you did also say that the United States, while it took no formal action, had taken informal action on the part of this individual, that you were informed of this informal action, and that they would not permit the stock from the Rock farm to be exported to the United States.

Mr. WELLS: Certainly; we were informed of that informal action. I said that yesterday.

Mr. CAMERON (*Nanaimo*): And it did, effectively, shut off the American market to Mr. Rock's stock.

Mr. WELLS: Temporarily.

Mr. CAMERON (*Nanaimo*): Let us have this "temporarily" business. Would it have been "temporarily", so long as any sheep remained on the farm that had been there at the time the scrapie was diagnosed?

Mr. WELLS: No, it would have been permanent on that basis.

Mr. CAMERON (*Nanaimo*): Well, then—

Mr. WELLS: But the scrapie was not diagnosed until Mr. Graham was sent out—at least the result of diagnosing scrapie was followed by Mr. Graham valuing the flock. Therefore the flock has to be valued as though the disease did not exist, in accordance of the provisions of the act.

Mr. CAMERON (*Nanaimo*): Would you say that again, please.

Mr. WELLS: The result of Mr. Graham's—Mr. Graham valued the flock.

Mr. CAMERON (*Nanaimo*): Yes.

Mr. WELLS: As a result of scrapie being diagnosed.

Mr. CAMERON (*Nanaimo*): Yes.

Mr. WELLS: Therefore the valuation of the flock was based entirely upon the need for destruction. The act says that the valuation shall not take into account the effect of disease. It says that the value shall be the market value of the animal, that the animal would have had immediately before slaughter, if it had not been subject to slaughter—under the provisions of the act.

Mr. CAMERON (*Nanaimo*): Then, can you tell me what market value, in Mr. Rock's most important market, these sheep had at that time, just before destruction?

Mr. WELLS: They had a potential value equal to the value Mr. Rock explained the other evening.

Mr. CAMERON (*Nanaimo*): I am not asking about the potential value; I am asking about the actual value at the time of destruction.

Mr. WELLS: They had the same value that any other animal has—the amount of money the man who wants it is willing to pay for it.

Mr. CAMERON (*Nanaimo*): Yes; and in this case, apparently, the people who wanted it were not prepared to pay it, or were prevented from doing so by their own authorities.

Mr. WELLS: Except that Mr. Rock himself proved that false by telling you last night that an individual had come from—and that was during the foot and mouth embargo—an individual had come from the United States and had bought sheep from him and said, "You hold them until this embargo is lifted". So that that shows that the people are interested in buying. It depends entirely upon who wants them and how much they are willing to pay.

Mr. CAMERON (*Nanaimo*): They may be interested in buying them; but I submit to you that you have told us repeatedly that the American authorities would not permit—or at least by subterfuge they prevented the admission of sheep from the Rock farm.

Mr. WELLS: Mr. Chairman, I do not know quite what to say, but let me say this: it seems difficult for me, as a civil servant in Canada, to accept the fact that I must recommend the devaluation of Canadian sheep as the result of informal action by a foreign government. And that is what the situation is.

Mr. CAMERON (*Nanaimo*): I am not suggesting that you do that.

Mr. WELLS: You are asking me why I did not do it.

Mr. CAMERON (*Nanaimo*): No, I am asking you this: do you not agree that when the devaluation had taken place—I am not suggesting—

Mr. WELLS: I do not agree that any action by a foreign government should directly interfere with the valuation of Canadian livestock.

An Hon. MEMBER: In Canada.

Mr. WELLS: In Canada.

Mr. CAMERON (*Nanaimo*): In Canada?

Mr. WELLS: Yes.

Mr. CAMERON (*Nanaimo*): But we have evidence—

Mr. WELLS: Or anywhere else.

Mr. CAMERON (*Nanaimo*): Or anywhere else?

Mr. WELLS: Yes.

Mr. CAMERON (*Nanaimo*): You do not agree that the loss of a market, a most valuable market, has not devalued the commodity?

Mr. WELLS: No, I do not agree to that, particularly when the informal action of the foreign government has been taken as a result of disease. Had the action of the foreign government—and this is silly, because it is getting into economics, the economics of the country—but what I mean to say is, that had the action of a foreign government been one of economics, against Canada—

Mr. CHAIRMAN: May I make a suggestion at this point; I think that what the witness is getting at is really a question of policy: on what basis are we actually paying compensation. Now, the way I understand it—and you may clarify it, if you wish; I do not know how the committee understands it—but the way I understand with your definition it would be impossible to pay for any compensation, because the moment any—

Mr. SCHNEIDER: That is exactly what he is saying.

The CHAIRMAN: The moment a flock is hit by this disease, it is actually worthless, so if you base your compensation on the day he goes in to make the valuation, and the day he goes in to the flock, it is worthless. So that he would never be able to pay any money for compensation on the basis of that definition.

Mr. CAMERON (*Nanaimo*): No, that is not my definition. The point I am trying to establish is this, that the devaluation had taken place when the American authorities refused to admit Mr. Rock's sheep. It was unfortunate for Mr. Rock, a tragedy for him; but, nevertheless, they had been devalued because the only place in which their value could be reclaimed, in monetary terms, was by sales to the United States.

Now, Mr. Graham has already, in answer to my question, admitted that in his opinion the value of an animal is determined by the price it will bring, itself, or the price its offspring will bring. I submit to you, Mr. Chairman, that these witnesses have done nothing to disprove that fact—in fact, they have admitted it.

Mr. RICHARDSON: Mr. Chairman, I must rise to a point of order. I suggest to my hon. friend that, after all, it is not whether Mr. Graham suggest the policy of the appraisal, or not; it is what the act says. And may I suggest to him, and to every other member in this committee, that the purpose of making compensation to these people who, unfortunately, have to have their flocks destroyed, was by reason of this disease. And the policy is laid down under section 12 of the act. Mr. Graham has nothing to do with that.

Mr. CAMERON (*Nanaimo*): I am not suggesting that this flock was valueless—because it had value, to be sold on the ordinary commercial market in Canada. But I am suggesting—

Mr. SCHNEIDER: It was diseased.

Mr. CAMERON (*Nanaimo*): I am suggesting that the major part of its value had been destroyed when Mr. Rock lost his American market.

Mr. ROBICHAUD: Why did he lose it?

Mr. SCHNEIDER: Yes, why did he lose it? It was scrapie.

The CHAIRMAN: Are you through with your questioning, Mr. Cameron?

Mr. CAMERON (*Nanaimo*): No, I am not.

Mr. GOODE: Well, if Mr. Cameron is not through, then I rise to a question of privilege. I think that we have been very kind to Mr. Cameron. We have allowed him a long time to ask his questions.

Mr. ARGUE: So good of you!

Mr. GOODE: And I might say that Mr. Argue has been one who has argued in the same way, that is, that other members on the committee should have the right to ask questions to a reasonable degree. I suggest that Mr. Cameron should be restricted to a reasonable time.

Mr. CAMERON (*Nanaimo*): I am prepared to let somebody else go on, but I have other questions.

The CHAIRMAN: I have Mr. Argue now on the list.

Mr. ARGUE: I wonder if Dr. Wells would read to the committee the whole of the section of the act, and the regulations which give authority for the payment of compensation.

Dr. WELLS: The whole of the section, do you say?

Mr. ARGUE: The whole of the section giving you —

Dr. WELLS: Section 12,, at page 6, you will find it. This is the Animal Contagious Diseases Act, Chapter 9 of the Revised Statutes of Canada. The new Chapter 12, as it appears in the statutes for 1953-1954 is as follows—and I shall read the first sub-section from the original act, where it says:

The minister may order a compensation to be paid to the owners of animals slaughtered under the provisions of this act.

And then, turning to the amendment of 1952-1953, it gives the following as subsection (2):

The compensation ordered to be paid under this section for an animal slaughtered under the provisions of this act shall be the market value that the animal, in the opinion of the minister or some person appointed by him would have had immediately before slaughter if it had not been subject to slaughter under the provisions of this act, except that the compensation shall not exceed —

Do you wish me to continue?

Mr. CAMERON (*Nanaimo*): Yes.

Mr. WELLS: It says:

(a) In the case of horses, \$200 for purebred animals and \$100 for grade animals; and —

Mr. RICHARDSON: I apologize for interrupting the witness. Excuse me for just a moment—because I do not interrupt you very much. But we should be seized of the provisions of section 12. The immediate purpose of the committee—and I do not want to play into your hands by wasting time; therefore I shall be very brief—but I shall deal with this particular question that is being laid before the House of Commons by our hon. friends. Any parts of section 12 which do not have relevancy at the time are sheer waste of time.

Mr. ARGUE: I suggest, then,—and I think the point will be brought out later—but I suggest that it is very much in order to ask for a recitation of the up-to-date section of the act under which compensation is paid, together with —

Mr. RICHARDSON: In respect of sheep.

Mr. ARGUE: If he does not—and I have it in my hand—if he does not care to read it, then I shall refer to it a minute later, and we will have the information, anyway. But I think we would be much more satisfied if the veterinary general placed the provisions before the committee now. And there are two short paragraphs; I think I could read them in one or two minutes.

The CHAIRMAN: Possibly the witness should skip the horses and the cattle and —

Mr. CARDIFF: We are going to be here a week or two if this continues.

The CHAIRMAN: Would you speak more loudly, please.

Mr. CARDIFF: I should like to suggest that each member who wants to ask questions should be limited to a certain length of time. Mr. Cameron took at least over half an hour; and if we are going to carry on like that we will be here for quite a long time.

Mr. ARGUE: We will be here until we get it cleared up.

Mr. CARDIFF: My time is as valuable as anybody else's.

Mr. ARGUE: I have had about three minutes, all of which time has been taken up in interruptions. I have asked a question, and I have waited for an answer. The witness was in the process of providing information, and I would suggest that the people who are raising points of order and making interjections might allow these questions to be answered.

The CHAIRMAN: Well, I think there is some merit in members trying to restrict their questioning by giving consideration to other members, and trying to hold their questioning down to as brief a time as possible, and they should also try to prevent any repetition.

We have had a considerable amount of repetition. That, of course, is inevitable; but everybody should try to prevent it so far as possible. Then, so far as reading the act—I do not know how long it is, but I would think that as it affects the case would be ample. Anyone who wants to see the act can have a copy in his own office.

Dr. WELLS:

(a) in the case of horses, two hundred dollars for purebred animals and one hundred dollars for grade animals; and

(b) in the case of cattle, one hundred dollars for purebred animals and forty dollars for grade animals, and if the sale of the carcass is unlawful an additional amount for purebred and grade animals equal to the value the carcass would have if the sale were lawful, such value to be determined by the minister or by some person appointed by him for that purpose.

(3) Such compensation may be withheld in whole or in part whenever the owner or the person having charge of the animal has, in the opinion of the minister, been guilty in relation to the animal of an offence against this act, or whenever the animal being a foreign one was in his judgment diseased at the time of entering Canada.

Mr. ARGUE: May I ask you if there are any other provisions under the regulations setting out the limits for payment in regard to compensation for sheep?

Dr. WELLS: No. sir.

Mr. ARGUE: Are the provisions which you have just referred to—I have the same text, I imagine, in my hand—do they have any relation to horses and cattle, and are they still operative?

Dr. WELLS: Yes sir.

Mr. ARGUE: So if a person had a very valuable cow, a cattle animal slaughtered, even though somebody said it bore a \$5,000 value, it may have a very high value, and it may have won all the prizes at all the shows in all the circuits, nevertheless as I understand the reading of the act, you are limited by the law to paying for such an animal only \$100 for a purebred animal plus the value of the carcass, if the carcass has been destroyed?

Dr. WELLS: The provisions of this act, as they apply to cattle, are designed with respect to tuberculosis eradication, and tuberculosis eradication as I explained to Mr. Charlton yesterday is an entirely different matter from a disease of this sort. Tuberculosis eradication is asked for from time to time by people in a county to which that eradication is being applied. They would sign a petition. The provincial Minister of Agriculture would arrange with the federal Minister of Agriculture to establish a tuberculosis eradication zone; the affected cattle would be assembled, and then compensation is applied. This is the will of the people who ask for it. They know before they start that these are the provisions.

Mr. ARGUE: If a cattle beast is destroyed because of any contagious disease whatsoever, do I take it that this \$100 as set forth in the act applies in the way you have represented?

Mr. WELLS: You will recall that during the foot and mouth disease outbreak in Canada the provisions as applied then do not apply now because they came under a separate act which was passed authorizing payment of full value.

Mr. ARGUE: Yes, and that act has since lapsed. So that today, in 1957, without any further action by parliament, and without any amendment to the laws of the country, the highest compensation which could be paid for any purebred cattle beast would be \$100 plus the value of the carcass; and the maximum limit for any horse would be \$200?

Mr. WELLS: No, sir.

Mr. ARGUE: Then how could you pay anything higher under the existing law?

Mr. WELLS: Because under section 89 of the regulations there are certain named diseases as follows:

89. In this part "named disease" means glanders, maladie du coit (dourine) anthrax, hog cholera, mange, vesicular exanthema of swine, sheep scab, rabies, scrapie, avian pneumoencephalitis, fowl pest, fowl typhoid or such other contagious or infectious disease as may be designated by the minister for the purposes of this part.

There are no diseases mentioned there for which you would have to slaughter cattle. So if we ran across a disease for which the cattle must be slaughtered then the minister would have to designate that such a disease would come under the purposes of this act; and before the designation of it, we would ask him to obtain provision for the necessary payment of compensation for cattle.

I have already explained to you that compensation for cattle as listed here applies only at the moment to tuberculosis eradication. That would be a program requested by the people whom it would affect, and they would know the provisions before they applied.

Mr. ARGUE: The section reads:

(a) in the case of horses, two hundred dollars for purebred animals and one hundred dollars for grade animals . . .

Does that not apply to all cattle? Is that not the maximum limit which can now be paid apart from the added value of the carcass or the stated value?

Mr. WELLS: One cannot say that alone, sir. Along with that text you must give me the disease for which you want to slaughter the animal.

Mr. ARGUE: All right. Let me ask you this question: under what authority could you now pay a higher price than \$100 for a cattle beast as set forth in this section? Were you quoting me a section from the act or from the pertinent regulations?

Mr. WELLS: Would you mind repeating your question, please?

Mr. ARGUE: I asked you under what section of the act or under what regulation today in fact you could pay an amount for a cattle beast in excess of \$100?

Mr. WELLS: My answer is that in accordance with the present act today I have no need to pay over \$100 because I have no need to slaughter cattle or to order the slaughter of cattle. I have no authority to order the slaughter of cattle except for tuberculosis.

Mr. ARGUE: I ask you this point blank question: not whether you need authority or not; is there any authority, and if so please name it to this committee, whereby an amount in excess of \$100 can be paid?

Mr. WELLS: Again, sir, you are asking me to answer something which would be misleading. The minister may order compensation to be paid.

Mr. ARGUE: Where are you reading from?

Mr. WELLS: Section 12 which reads:

The minister may order compensation to be paid to the owners of animals slaughtered under the provisions of this act.

There are no provisions under this act to slaughter animals than for tuberculosis. That is cattle now we are speaking about.

Mr. ARGUE: But there is no provision under this act whereby an amount in excess of \$100 can be paid for cattle that have been slaughtered?

Mr. GOODE: Mr. Chairman, I again rise on a question of privilege. The witness has answered this question, it may not be to Mr. Argue's satisfaction, but he has answered it at least six times. Mr. Argue is not satisfied with the answer and he is now trying to interpret the answer in a different way than the rest of us would. I don't think this should go on. Mr. Argue has asked the same question half a dozen times and he has received an answer. Yet he still is trying to get the witness to give a different answer.

Mr. ARGUE: I think it is quite clear to the committee why I asked this question.

Mr. GOODE: It may be to you but it certainly is not to me.

Mr. ARGUE: I suggest that the basis for compensation is rather strange, when this high price has been paid for sheep.

Mr. GOODE: You may suggest all you like!

Mr. ARGUE: But under the act,—and after having listened to Dr. Wells very carefully—I suggest that even with the most expensive cattle beast in the country, for the most valuable cattle beast that has been slaughtered, that it is still illegal to pay more than \$100.

Mr. GOODE: The act says only for tuberculosis and some other diseases. You must know that as well as I do.

Mr. ARGUE: I do not imagine that the man who owns cattle is going to worry too much what it had been slaughtered for or why it had died, if his compensation was being held to \$100.

The CHAIRMAN: At the moment we seem to be going round in circles. We might as well settle it once and for all.

Mr. ARGUE: I would like to ask this: apart from the compensation paid, during the period to which you have referred the provision of the act has now expired. What is the highest that has ever been paid because a cattle beast was disposed of under this act?

Mr. WELLS: I would have to check that, sir. I think it would have been paid for an Angus bull, north west of Regina during the foot and mouth disease.

Mr. ARGUE: Under a special provision of the act which has since lapsed.

Mr. GOODE: You asked him a question. Let him answer it. Mr. Argue asked a question and the witness answered it. Yet now Mr. Argue is trying to make out that the witness has evaded answering the question. That is not true. You have got your answer already.

Mr. ARGUE: No, the witness has been excellent.

The CHAIRMAN: We have with us the deputy minister of agriculture who interprets policy.

Mr. ARGUE: Who?

The CHAIRMAN: The deputy minister of agriculture whose job it is to interpret policy for the department as a whole.

Mr. ARGUE: Who interprets him?

The CHAIRMAN: I am just trying to get an answer to the question you asked a moment ago. I do not think there is any complication here at all. I cannot see any!

Mr. ARGUE: I thought that Dr. Wells was doing nicely in providing me with the information I asked for.

The CHAIRMAN: Apparently you must have been the only one.

Mr. ARGUE: I can understand government members not being satisfied.

Mr. GOODE: I can understand why you are not!

Mr. ARGUE: If \$100 is the limit, then apparently for sheep of less value the sky is the limit.

Mr. RICHARDSON: Mr. Chairman, may I be permitted to ask one question of Dr. Wells. Do I understand that in respect to tubercular cattle it is permissive performance in respect of damage claims, whereas in respect to the destruction of sheep for scrapie, it is mandatory and compulsory?

Dr. WELLS: Yes, it is mandatory and compulsory with respect to sheep. And with respect to tuberculosis control it is now mandatory throughout the entire country of Canada; and it does become mandatory at the specific request of the farmers involved; and they would be familiar with the provisions, when they requested that service. When they request that service, it is given them.

May I say one more thing in respect to the payment of money. In so far as we are concerned the final authority is parliament and the money for this compensation under the provisions of this act is voted by parliament.

Mr. ARGUE: Yes, of course!

Right Hon. Mr. GARDINER: May I make a statement?

Mr. ARGUE: No, I do not think so. I do not see why the minister should have any greater rights in this committee than the other members.

Mr. RICHARDSON: We are becoming sick and tired of you. Give somebody else a chance!

Mr. ARGUE: You will get more and more tired!

The CHAIRMAN: Order.

Mr. RICHARDSON: Let somebody else say something!

The CHAIRMAN: You definitely asked a question, Mr. Argue, and you have had an answer. I think the committee is also entitled to ask questions. I the committee is not satisfied with an answer, or with the full answer, and they want more information on it, we have the officer here who is responsible for the policy in the person of the minister himself, and he has volunteered to give a further answer to your question. I think it is only proper that the minister be allowed to do so.

Mr. ARGUE: I claim the right to the floor and I claim that the minister can only interrupt with my consent.

Right Hon. Mr. GARDINER: I can raise a question of privilege without your consent.

The CHAIRMAN: Well, I do not think we need to bring a question of privilege into the matter. You asked a question and quite properly you sat down. This is part of the answer, and as soon as the minister has finished answering your question, you will still have the floor, Mr Argue. We are not taking the floor away from you.

Mr. ARGUE: I suggest that when I ask a question of the witness we do not need the minister to make interruptions. I submit that I am entitled to question the witness until such time as the chairman says that I no longer have the right to do so.

The CHAIRMAN: I am interpreting the feeling of the committee at the moment. I ask you to let the minister answer the question which you asked, following which you will still have the floor.

Right Hon. Mr. GARDINER: The hon. member asked the witness a question which has to do with policy and one which the witness is not necessarily in possession of the information with which to give an answer. Every member of this committee—perhaps I should not say every member—but a very considerable number of them have come to me from time to time and asked me to do certain things which the law does not provide for. The most common of those has to do with cold storage. The act says payment can only be made under certain conditions. When those conditions are not met hon. members come and say, put an item in the estimates which will provide for the payment, and that makes it law and legal. That has been done for members on all sides of the house from time to time. It was done for members before the Liberal government came in despite the fact that that was twenty-one years ago, and it has been continued ever since by the Liberals. In this particular case there was an item put in the estimates to pay this amount of money before it was paid. The House of Commons passed upon it, the Senate passed upon it, and it is law in every sense of the term. No matter what is in that act, the house decided \$100,050 was to be paid for these sheep. That has been legalized by the action of the house and my hon. friend is trying to show there is no law for it. There is law in the vote that was passed.

Mr. ARGUE: Mr. Chairman, that is a weird renunciation of democratic procedure and law in this country if the minister is saying all the government has to do to throw out the provision of the statutes is to put an item in the estimates. That is the very kind of action on the part of the government which undermines democratic procedure.

Right Hon. Mr. GARDINER: No. Parliament decided to do this. It is not contrary to anything.

Mr. ARGUE: I suggest an amendment in the estimates is in order only if there is not an act which prevents it being done. That does not say it shall be done.

Right Hon. Mr. GARDINER: There is not an act which prevents it being done.

Mr. ARGUE: I have been talking about cattle—

Right Hon. Mr. GARDINER: It is not cattle which is before this committee at all; it is sheep.

Mr. ARGUE: I know the minister is very tender on this, but it is rather an amazing thing to me that if the maximum compensation provided by law for cattle is \$100 that we have these very large payments being made for sheep.

Mr. McCUBBIN: Have you any more questions?

Mr. ARGUE: Yes.

Mr. TUCKER: Mr. Chairman, I would like to make an observation.

Mr. ARGUE: No. The minister may have special privileges but they hardly extend to the private member for Rosthern.

The CHAIRMAN: Order.

Mr. ARGUE: I can talk just as loud as you, Walter.

The CHAIRMAN: Mr. Argue has the floor at the moment.

Mr. ARGUE: Mr. Chairman, I am asking Dr. Wells to state to the committee the provisions under which compensation was paid for sheep. You have quoted this section of the act and I understand and I see that there is no limit by law as to the amount that can be paid on sheep, and I have not suggested there is. I am asking if in addition to the section which you have now quoted there is some further provision or regulation governing the compensation for sheep.

Mr. WELLS: Compensation is paid for, under the provisions of section 12 of the Animal Contagious Diseases Act.

Mr. ARGUE: And there are no specific regulations setting forth, or spelling out the way compensation shall be paid, other than that section of the act?

Mr. WELLS: Not at all, sir. It is handled under section 12, which are the provisions of the parliament of Canada, by which we operate.

Mr. ARGUE: Correct. In your knowledge of the livestock business, would you say that, ordinarily, a purebred cattle beast sells for more, or less than an average purebred sheep?

Mr. WELLS: It is very difficult, of course, to make a comparison, by using the words "an ordinary cattle and sheep".

Mr. ARGUE: If you took all the registered cattle sold in Canada, in 1956, and added up their value, and divided it by the number, and then did the same with respect to registered sheep, which value would be the higher?

Mr. WELLS: I have attended many purebred livestock sales where, high-class purebred cattle sold for less than as, Mr. Rock reported last night, he received for one sheep, which was \$3,350. I have also attended livestock sales where swine sold for more than cattle, if I am comparing the ordinary. I have visited sales where cattle sold for more than sheep, and cattle sold for more than swine. I could not make a comparison. If you are asking me, if a finished cattle beast, ready for the market and slaughter, and a finished sheep, ready for market and slaughter, and those are ordinary animals—

Mr. ARGUE: I did not ask you that. I asked you a question, and I think you heard it. If you do not care to answer it, that is all right.

An Hon. MEMBER: He has answered it.

Mr. ARGUE: You have not answered it. You have no idea, with your knowledge of the livestock business, whether, as a result of experience, you have an opinion as to whether a purebred cattle beast, or a purebred cattle Hereford, say, is usually worth more than a purebred sheep?

Mr. GOODE: I would ask the witness not to answer that question, Mr. Chairman. On a question of privilege again. Is it possible to answer that question? Would you confer with the Minister of Agriculture, and tell us if it is possible to answer that question?

Mr. WELLS: Yes, it is possible. I have both the ability and the information, with respect to values.

Some Hon. MEMBERS: Hear, hear.

Mr. WELLS: If you present me with two animals, any two animals and if they are purebred, with pedigrees, I can then tell you, in my opinion, which is the more valuable.

Mr. ARGUE: If a purebred registered cattle beast had been sold at one time, for \$5,000 ...

Mr. WELLS: What breed, and what blood line?

Mr. ARGUE: Then it became subject to disease, as defined in the law today. Is it not a fact in regard to that \$5,000 animal, according to the sale value recently established, the maximum compensation under the existing law, would be \$100?

Mr. WELLS: Which disease, sir?

Mr. ARGUE: Is it possible, in regard to any disease, to have a higher compensation, under the present law?

Mr. SCHNEIDER: You have not sold the cattle.

Mr. WELLS: There is only a provision for tuberculosis, under the present law.

Mr. ARGUE: Thank you very much.

The CHAIRMAN: Any other questions?

Mr. ARGUE: Yes.

The CHAIRMAN: Mr. Tucker.

Mr. TUCKER: I would like to ask the Minister of Agriculture, if it has not been done, that members of parliament are paid expense accounts in connection with their trips at Easter, by putting an item through the estimates, which becomes law, and which is not covered by the House of Commons and the Senate Act, and if that has not been done year after year, and that we constantly put through items, just like that, which are passed by the House of Commons, and the Senate, and become the law of the country, just the same as the law that Mr. Argue is talking about.

Mr. ARGUE: Mr. Chairman, I have one or two other questions.

The CHAIRMAN: There were two or three other members who had questions on that particular subject.

Mr. ARGUE: I wanted to clear up my line of questioning.

Some Hon. MEMBERS: Order, order.

The CHAIRMAN: Just a minute.

Mr. ARGUE: I have not taken an excessive amount of time.

Mr. TUCKER: The reason I asked that question, Mr. Chairman, is this: we are investigating whether these payments were legal, and whether there has been skullduggery. The suggestion is; that because it is not covered by the act referred to, by Mr. Argue, that money was paid out, that was not covered by law. I am asking the minister if it is not true, that moneys paid out, to the extent of hundreds of thousands of dollars by virtue of being passed by the house of commons and senate in a supply bill which covers the estimates and is just as much the law of the country as the act which was cited by Mr. Argue;

and particularly that members of parliament repeatedly in the last 30 years have drawn money put in the estimates which was not covered by the senate and house of commons act.

Right Hon. Mr. GARDINER: Yes, that is perfectly right. And in order to indicate that this question was before the house, there is *Hansard*. It shows that at the last session the item was in the agricultural estimates which were discussed, and I understand that the charges made here were made in the house and were the basis of the discussion at that time when it is now said that they did not get the information. I have read it through this morning and I find all the information that they are asking for now was given, with as much distraction as they could put up in order to delay it as long as possible, just as they are doing now.

Mr. CAMERON (*Nanaimo*): Is the minister the witness before the committee?

Right Hon. Mr. GARDINER: I am a member of this committee.

The CHAIRMAN: He was asked a question. The minister was asked a question directly, and he has answered it.

Mr. CAMERON (*Nanaimo*): Is it not the proper procedure that the questions be directed to the witness?

The CHAIRMAN: Any question may be directed to anybody!

Mr. CHARLTON: For the sake of clarification, did I understand Dr. Wells to say that the matter of compensation for cattle was the only thing dealt with under this act, and that it applied only in the case of tuberculosis?

Mr. WELLS: Yes, that is the only disease for which we can slaughter today.

Mr. CHARLTON: Is it not true that there is a list of these diseases given in section 89, and is it not true that there are other diseases for which cattle may be disposed of, besides tuberculosis?

Mr. WELLS: Section 89, Dr. Charlton, reads as follows:

89. In this part "named disease" means glanders, *maladie du coit* (dourine), anthrax, hog cholera, mange, vesicular exanthema of swine, sheep scab, rabies, scrapie, avian pneumoencephalitis, fowl pest, fowl typhoid or such other contagious or infectious disease as may be designated by the minister for the purposes of this part.

No compensation is paid for anthrax. But in the case of hog cholera, which is a disease of swine, compensation is paid on the same basis as for sheep. No compensation is paid for mange. But for vesicular exanthema of swine, compensation would be paid on the same basis as for sheep.

Mr. ARGUE: Are you reading from the act or from the regulations?

Mr. CAMERON (*Nanaimo*): Only a few moments ago the witness said that only tuberculosis was paid for.

Mr. CHARLTON: There are, under the definitions in the act—

Mr. ARGUE: He was reading from the regulations.

Mr. CHARLTON: Under the first or second section of the act there is a list of diseases with which this act has to do. Is that not true?

Mr. WELLS: Not to my knowledge.

Mr. CHARLTON: Under the definitions in the act there is a list of diseases. I shall read section 2, sub-section (d) of the act as follows:—

(d) infectious or contagious disease includes, in addition to other diseases generally so designated, glanders, farcy, *maladie du coit*, pleuropneumonia contagiosa, foot and mouth disease, rinderpest, anthrax, Texas fever, hog cholera, swine plague, mange, scab, rabies, tuberculosis, actinomycosis and variola ovina.

Would not any of those diseases come under this act?

Mr. WELLS: Yes, but not under the regulations.

Mr. ARGUE: \$100 is the limit under the act.

Mr. McCULLOUGH (*Moose Mountain*): I understood you to say that in the case of scrapie it was mandatory that the flocks be destroyed. Is it true that the farmer would have no say in the matter if you went out and the flock was isolated or you destroyed it?

Mr. WELLS: That is right.

Mr. McCULLOUGH (*Moose Mountain*): But in the case of tuberculosis, the farmers would have to agree. It would be more or less a municipal system. But is it not true—I am asking as a matter of information because I want to see if your information is fully given to the committee—is it not true that where a community catches tuberculosis, the health of animals branch or the local provincial authorities would call in your department, and if it was established that the herd was one from which milk was coming, that you would move in and destroy the herd.

Mr. WELLS: I have already stated, sir, that the entire country of Canada has by petition first of all of owners to their provincial minister of agriculture and then by petition of the provincial minister of agriculture to the federal Minister of Agriculture been declared a restricted area for tuberculosis which in effect says we do go in and test cattle and order the destruction of the reactors, which is based upon the original application of those people concerned who have in that area brought in the restrictive area regulations.

Mr. McCULLOUGH (*Moose Mountain*): Is not the situation in respect of tubercular cattle, in effect, the same as with scrapie, that no individual farmer who had any animals which came down with tuberculosis could prevent the flock being destroyed under this act. You would move in in exactly the same manner as you would in respect of scrapie.

Mr. WELLS: At the request of the owner, yes.

Mr. McCULLOUGH (*Moose Mountain*): They would be destroyed in compensation in the same way under the provisions of the act?

Mr. WELLS: Yes. But not the whole herd, only the reactors.

The CHAIRMAN: It being one o'clock we will adjourn until three o'clock.

AFTERNOON SESSION

3.00 p.m.

The CHAIRMAN: The committee will come to order please. Mr. Cameron.

Mr. CAMERON (*Nanaimo*): Mr. Chairman, may I address a question to the Minister of Agriculture. Mr. Gardiner, you told us that now you are not sure whether or not evaluators had been brought in from the United States actually. You suggested, if I recall it correctly—

Right Hon. Mr. GARDINER: I did not say that. I said I was not sure whether or not they had been brought into the country.

Mr. CAMERON (*Nanaimo*): That is right. I think you made some comment that possibly Mr. Rock had had an expert opinion from the United States. That being the case, how do you reconcile that statement with a statement you made on July 13, 1956, recorded at page 5965 of Hansard which was six months after your officials had done the valuation?

Right hon. Mr. GARDINER: The same day I made the other statement?

Mr. CAMERON (*Nanaimo*): Yes.

As to the price, I quite admit that I do not know very much about the price of sheep; but my hon. friend who lives near Mr. Rock says he did sell sheep for as much as \$1,000. We certainly did not take that price to reckon what should be the value of these sheep. I stated some time ago that we did not take our own valuation at all. We had them valued by the best valuers that could be found, and we even went outside the country to get them.

Then on page 5966 you added a further statement when Mr. Cardiff asked you this question:

"Why was it necessary to bring in United States valuers to value the sheep?"

Mr. Gardiner replied:

For the very reason that has been made quite evident this afternoon. If I had gone and done it myself I know what would have been said in the house. If anyone associated with me in any way whatsoever throughout Canada had been taken there to do the job I know what would have been said about that too, and if it had been left entirely to the officials of my own department I know what would have been said about that. These valuers were men from the United States who know the value of sheep, and they made that valuation but we did not accept. We cut the amount down to \$100,000 whereas they put it at \$160,000.

Now, Mr. Chairman, I suggest there has been some loose talk in this committee about the necessity for apology. I suggest when we are confronted with a situation such as this it is something more than an apology which is required, it is a resignation.

Right hon. Mr. GARDINER: Mr. Chairman, my hon. friend has not yet read the whole statement. You will find earlier I stated I was out there myself. I was out there on March 1; this is now July 13. In Calgary I was told of the value that was put on this flock by American valuers. The same facts were referred to by Mr. Rock last evening. Not all of them, but one of them was outlined here to the committee by Mr. Rock. As I stated earlier in the house I was in Calgary addressing a meeting which was held in the official building of the stampede organization on the grounds of the Calgary exhibition. This was at a dinner meeting. This question was discussed there, not at the dinner but in the period when we were standing around the tables. This information was given to me at that time. I heard the information. I was not exactly correct in the statement quoted from *hansard* in leaving the inference that we had sent for these valuers, but we had received the opinion of these valuers. After all the act says the minister must make the valuation or appoint someone to make it. I obtained information every place I could obtain it. One of the places I obtained the information was in Calgary while I was there on that occasion.

Mr. CAMERON (*Nanaimo*): Now, Mr. Gardiner, will you tell us why, that being the case, you told the House of Commons on page 5965 "we had them valued". "We" must surely have referred to you and your departmental officials, nobody else. "We had them valued". On page 5966 you said:

These valuers were men from the United States who know the value of sheep, and they made that valuation but we did not accept.

That was in answer to a question as to whether it was necessary to bring in valuers. Why did you tell the House of Commons that "If it had been left entirely to the officials of my own department I know what would have been said about that", when you knew it had been left entirely to the officials of your department as your officials testified this morning?

Right Hon. Mr. GARDINER: My hon. friend can, of course, say that might be true officially; but there are officials in Ottawa and there are officials elsewhere. A man who has been for a long time a very important officer of the department, but who at that particular time had been superannuated and still is, was in Calgary and had also been in the United States and had been elsewhere, not acting directly for us, that is for the department as such, but he still acts directly or indirectly for the department on many occasions. Whenever we have problems of this kind to deal with we often appoint Jack Byers to do the job. It was Jack Byers with whom I had the discussion at Calgary and he gave me the information, and I would take his word either against my own officials or anyone else on a question of this kind.

Mr. CAMERON (*Nanaimo*): Then you did pass this information on to your official valuers when they went into the field?

Right Hon. Mr. GARDINER: No, I did not because our official valuator worked on his own. I gave him no indication whatsoever as to what I or any other person thought as they will tell you. I did not at any time discuss this question with the departmental valuator either before or after until yesterday.

Mr. CAMERON (*Nanaimo*): Why when you were asked about the price—and you refer to it as the price, "as to the price, I quite admit that I do not know very much about the price of sheep"—why did you mention the alleged valuation of \$160,000 by some unknown United States investigators and not tell the House of Commons that your own officials had valued them at \$92,000 and you had paid \$100,000?

Right Hon. Mr. GARDINER: They valued them at \$92,100 plus the cost of lambs born after that date and that made up the \$100,050. I am sure if my hon. friend had been reading carefully he would see the \$50 which is in there and the \$50 gives the very answer which is important. There sheep were not valued at \$150 apiece. The lambs of a certain type were valued at \$25 and lambs of another type were valued at \$50. It was either one lamb of one type brought it up by \$50 or two lambs of another type that brought it up by \$50 and made the total \$100,050.

Mr. CAMERON (*Nanaimo*): I am still not clear as to how Mr. Gardiner explains the fact that this morning he told us he is not sure whether or not any American valuers came, and yet in 1956 he told the House of Commons that we, meaning his own officials, brought in the valuers from the United States, and he refrained from telling the House of Commons that his own officials had done the valuation and in fact he implied in his statement on page 5966 that it would have been quite unwise for him to have employed officials of his own department.

Right Hon. Mr. GARDINER: I depend on them absolutely.

Mr. CAMERON (*Nanaimo*): Come off it. I suggest to you, Mr. Chairman, this is something which should be cleared up. This is an obvious case where the House of Commons was misled when the minister was in possession of information which could have been given to the House of Commons and he did not do so. Instead he gave misinformation when he told us his department had brought in valuers from the United States.

Right Hon. Mr. GARDINER: Mr. Chairman, the hon. gentleman has not taken the trouble to read to the committee what I was replying to. Mr. McCullough (Moose Mountain) at page 5964 had said:

Mr. Chairman, usually the minister is able to answer any questions put to him about his department pretty explicitly. I find, though, that in the discussion of sheep most of his answers are quite woolly. I also think, as far as the compensation of \$100,000 that has been paid is concerned, . . .

And note that it had been paid before that. It is not a matter of considering it at that stage—

that the people of this country have been fleeced. I believe these terms are appropriate, and I also think that perhaps \$100,000 is rather large compensation for any political support that may be forthcoming from this individual. The minister did not answer my question, and I was quite serious about it.

I understand there was an attempt made to diagnose the disease, scrapie, and that brain samples have been taken of the condemned animals. Can he tell the committee if any findings have been made which would lead to establishing the cause of the disease and a method to control it? That is my first question. My second question has to do with certain statements made by other members of the committee in which they have tried to indicate that sheep from this flock have gone throughout the country and apparently also have gone, according to certain press reports, to many parts of the world.

I have a press report here indicating that a flock of 502 Canadian sheep have been flown to the Dominican Republic to improve flock blood lines in that Caribbean country. It indicates that many of the sheep came from the flock of J. P. Rock of Calgary. Incidentally, the date of the press report is March 17, approximately the same date as the discussion that took place in the house with respect to the action taken by the government to destroy many of the sheep in Mr. Rock's flock. I would ask the minister if he has any report to make on the sheep that have been shipped to the Dominican Republic. With respect to the destruction of the condemned animals on Mr. Rock's farm, can the minister tell the committee whether the complete flock was destroyed? It would seem to me that the compensation is entirely out of line with what one might call simple justice.

I am a purebred breeder myself, and I think the minister will agree with the statement when I say that you cannot take the top sale price figure as representing a fair price for your complete herd. Often purebred breeders in the cattle business as well as those in sheep and other livestock businesses get a fairly good price at public auction, but you cannot say that would be a fair price for a complete herd of cattle or a complete flock of sheep. I think the price of approximately \$670 per sheep is completely out of line—

and if there is anything in what I say which is more distant from what the actual facts were, then I would like to have my hon. friend repeat some of those things too. But I said at that time—I interjected, “no.” And then Mr. McCullough proceeded in this way:

I should say 660 sheet at a price of approximately \$166.

Mr. McCULLOUGH (*Moose Mountain*): Well, a point of order at this point, Mr. Chairman. It is not true that over 670 were paid—for these sheep?

Right Hon. Mr. GARDINER: Oh, but you do not say that. You say, "per sheep". You were making slips, just the same as I might have been in some cases, where we were just quoting figures on the spur of the moment as we went along. And I would like to repeat to my hon. friend that when he is trying to nail me down, that he can be nailed down on the same argument.

And then he goes on to correct that, and he says:

I should say 660 sheep at a price of approximately \$166. Such a price is completely out of line with prices paid on former occasions. The hon. member to my right has indicated the various prices paid from 1952 until this recent incident. I think the minister should look into the matter and take to heart some of the arguments—

And, as a matter of fact, I might say that all of those quotations that are being given through this present discussion and were given in July, 1956, were quotations from earlier speeches in which I enunciated them. For example I am reported in this *Hansard* to have answered three times on one occasion, and then to have corrected myself to show it was five occasions, instead of three. All that and more is in this copy of *Hansard*, showing it was all discussed at the last session of the House of Commons, as I said last night—

Then, my hon. friend Mr. McCullough goes on:

I feel there has been an injustice done in this case, and that there should be some correction made.

Now, I answered that, after Mr. McCullough had said:

Would the minister answer my question with respect to the findings?

And it is from the answer that my hon. friend has just been reading.

To begin with, and to follow up the simile used at the commencement of my hon. friend's remarks, I might say that I am not one of those animals which goes around with wool in its teeth. That might answer the suggestion made in what the hon. member had to say. There may be some who do, but I am not looking for explanations of that kind. In any case, the answer has already been given to the question. I read it. Progress on this type of project is invariably slow, for the first thing that must be done is a thorough microbiological examination of all brains and spinal cords, and this work is now being done. A search is also under way for the causative agent in the spleens, livers, and kidneys, but no results are yet available from this work.

In other words we have not been able to discover, anymore than they have in Britain or elsewhere up to now, just what is the cause of the disease.

I come to that in order to indicate what the real merit of this whole case is. It is being talked about as if it was just a matter of dealing with animals owned by an individual. After all, as has been said many times, this was the top flock of sheep of this breed anywhere on this continent. And there is all over the continent, as was indicated by reference to the Dominican Republic—although the statement was not correct, as I shall indicate later—there is evidence that sheep are being shipped from all over this country, because this flock of sheep has been in the country; and there are very few good flocks of this breed of sheep in Canada that have not some of these blood lines, or that have not been improved by Mr. Rock, in his breeding.

That being the case, when it was found that there was this disease of scrapie in the original flock, it was thought most important that it should be found, if possible, how it got there, and when it got there, and how many of the sheep that have been distributed all over this continent were brought in contact with the animals or had any relationship to the animals that were found to have the disease.

Then, on top of that, it has been indicated to this committee—it was indicated yesterday by Mr. Wells—that they took the brains and the spinal cords out of all these animals and put them into retainers, and numbered them to correspond with the tags of the animals from which they were taken, all for the purpose of making a complete investigation into where they came from, and how they got there, in hope of being able to determine whether the disease was transferred from one animal to another, and to what extent it might be necessary to check and examine every flock all over this continent in order to clean this disease out.

Now, that means that we were taking the whole flock of sheep, the best flock there was in the country, a flock that had received the largest distribution on the continent of any flock whatsoever, and undertaking as a government to determine everything that we possibly could with regard to this particular disease.

Therefore, we put ourselves in the position to assist to wipe it out or to help the American government to wipe it out. And so we have been working along in cooperation with them. And, that being the fact, naturally I was thinking at that time—and I am still thinking—in terms of a much bigger job than simply finding out whether or not Mr. Rock got all that his sheep were worth. And I do not think there is a member in this committee who listened to Mr. Rock last night who will agree that he did get all that was coming to him—not a single one. And if anyone wants to argue here that he did, he is at liberty to do so. In my opinion he did not get as much as it cost him to lose his entire flock leaving out what others will benefit.

As a matter of fact, one of the methods by which the amount of payments that are to be made is determined in the United States is based upon figures such as were given here last night, and those figures were based upon earnings made, according to the income tax people. The lowest earnings that this herd had was in 1952, the year of the foot and mouth disease. And the only reason it was down to \$17,000 was because there was this foot and mouth disease. You could not export animals out of this country to any other place. They were confined here.

Then when you take along with that the fact that in every other year, practically every other year, the earnings ran from \$40,000 up to \$60,000, what the government is interested in is seeing that we never get another condition back in this country such as the foot and mouth condition, where our livestock will not be permitted to go out of the country at all.

It is worth far more than \$100,000, no matter whether you are just paying it for the animal, or getting the parts of all the animals kept, so that they can be examined into, in order to trace the disease. That is the big job that has to be done, and it is the big job that we are doing. We are not worrying about whether Mr. Rock is a Liberal, or a Tory, or a Social Crediter, or a CCF'er. I have never asked him; I do not know. And to insinuate, as has been done here, that Mr. Rock is simply getting this payment because of some help he is going to give to the Liberal party is something that I repeat again, as I said last night,—and I say this to the gentleman who made the statement, and he made them last year as well; and he has apparently given them a lot of thought between then and now, and he repeats them—that there ought to be some kind of apology made by somebody to the man who did the best job with the production of high-grade sheep that was ever done in this country

for the whole continent. And he has brought to the farmers of this country, who raise these sheep, the highest amount of meat that is produced on any animal of this breed, and the highest wool production that is produced on any. This flock is found to have this disease, this particular disease, in it. The opportunity is there to search out from that flock the causes that have never been established anywhere else in the world. Great Britain has been struggling with it, and the United States has been struggling with it. We have an opportunity to do our share, and we are doing it. And we pay the \$100,000 to the man who suffers greater loss.

Now, in going on with the answer, I said this:

As to the price, I quite admit that I do not know very much about the price of sheep; but my hon. friend who lives near Mr. Rock—

And that is my hon. friend from Acadia—

—says he did sell sheep for as much as \$1,000. We certainly did not take that price to reckon what should be the value of these sheep. And I stated some time ago that we did not take our own valuation at all.

That is the valuation my hon. friend says I did not refer to. I referred to it earlier, and then referred back to it here. I say:

—we did not take our own valuation at all. We had them valued by the best valuers.

And that does not mean that they were not evaluated by our men, as my hon. friend inferred a moment ago. Then, to continue:

We had them valued by the best valuers that could be found, and we even went outside the country to get them.

And that is the reference to my experience in Calgary in discussing the matter with one of the best men that we have ever had in the Department of Agriculture to look after matters of this kind, and the fact that he is superannuated now does not make him any less valuable than he was before.

So far as the Dominion can Republic is concerned—

And my hon. friend did not read this—

—So far as the Dominion Republic is concerned, I am told by the officials here that the news item which has just been read has been before the department, has been examined into, that the statements made there are not facts, and that there were no sheep in the Dominion Republic at that time that came from the Rock herd. There were sheep there that were bought in Canada and came from owners of flocks who had bought sheep from Rock at some time or other. That has all been followed up and the fact still is, as I stated before, that so far as we know every sheep that left that flock and could have carried the disease has been followed to wherever it went, has been checked there, and there is no sign that any disease has been carried with them. As to the other question, the sheep that were there were slaughtered and put under ground.

And then Mr. Cardiff said:

Why was it necessary to bring in United States valuers to value the sheep?

And I answered:

For the very reason that has been made quite evident this afternoon. If I had gone and done it myself I know what would have been said in the house. If anyone associated with me in any way whatsoever throughout Canada had been taken there to do the job I know what would have been said about that too, and if it had been left entirely to the officials of my own department I know what would have been said about that.

I am going to ask the officials, after I have finished, to get up and tell this committee what is exactly correct—that not on any occasion had I sought to influence them in any way with regard to the valuation of this stock. And at no time did I ever discuss it with them until yesterday morning, when I brought them here, in order to get them before this committee. There were two of them, I think, sitting in front of me when I was giving these answers; and they are not my answers. They are their answers, as every member of the House of Commons knows,—that when we are on estimates, and when we are giving information the minister does not rely on his own knowledge of these things in order to give answers. You would not be able to answer all the questions you are asked, if that were the case. But I asked the men sitting in front of me, and they gave me the information. I turned it over to the house and that was done in this case, as in all others. To continue:

If anyone associated with me in any way whatsoever through Canada had been taken there to do the job I know what would have been said about that too, and if it had been left entirely to the officials of my own department I know what would have been said about that.—

Just what is being said now. So I did not rely entirely upon the officials of my own department. I did get information from others who had contacts with these American valuers, who were able to tell me that there had been a valuation as high as \$160,000.

These valuers were men from the United States who know the value of sheep, and they made that valuation but we did not accept.

That is, we did not accept their valuation. We cut the amount down to \$100,000, whereas, they put it at \$160,000.

Perhaps I would have been more correct to have said, that our own officials, had recommended \$92,100, and instead of saying we cut it down from \$160,000 to \$100,000, I should have said that the birth of lambs put it up from \$92,000 to \$100,050.

It was asked, "has it ever been done before?"

Mr. CAMERON (*Nanaimo*): On a point of order. The minister is not answering my question. It may be very interesting to read this, but—

Right Hon. Mr. GARDINER: I am putting it all on the record so you can read it right the next time.

Mr. CAMERON (*Nanaimo*): It is on the record already.

The CHAIRMAN: Order.

Mr. CAMERON (*Nanaimo*): I wanted to ask a question on what is on the record.

Right Hon. Mr. GARDINER: Why did my hon. friend not read it all while putting it on the record.

Mr. CAMERON (*Nanaimo*): This is all being developed for the sheer purpose of wasting time.

Right Hon. Mr. GARDINER: Everything my hon. friend read was not only irrelevant, but when read without its context, appears to be absolutely wrong.

Mr. CAMERON (*Nanaimo*): You can talk all afternoon, but you will have to come back to my question.

Right Hon. Mr. GARDINER: I am not going to talk all afternoon, and it would not hurt these proceedings a bit if you were prevented from talking any more.

Let me repeat: Has it ever been done before?

Mr. Gardiner: It was done in connection with the foot and mouth disease. The price was higher than the individuals said they could sell them for on the market or anywhere else.

I could draw attention to what was discussed just before we went to lunch, section 12 of the Animal Contagious Diseases Act:

The minister may order a compensation to be paid to the owners of animals slaughtered under the provisions of this act.

Under that provision I have authority to do these things.

Then the said section says:

The compensation ordered to be paid under this section for an animal slaughtered under the provisions of this act shall be the market value that the animal, in the opinion of the minister or some person appointed by him, would have had immediately before slaughter if it had not been subject to slaughter under the provisions of this act, except that the compensation shall not exceed—

Then it goes on to say that I cannot exceed \$200 for purebred horses, and \$100 for grades, and in the case of cattle, \$100 for purebred animals, and \$40 for grade animals, and if the sale of the carcass is unlawful an additional amount for purebred and grade animals equal to the value the carcass would have if the sale were lawful, such value to be determined by the minister or by some person appointed by him for that purpose.

All that section does, it point out what you can do with cattle and horses. It does not say anything about sheep. I can go and do whatever I have authority to do in respect of sheep, under whatever authority the House of Commons gives me.

The suggestion was made that we had special legislation in respect to foot and mouth disease. Why? Because the animals that had foot and mouth disease were both cattle and horses. Since we cannot pay any more on cattle and horses than the sums which are set here, we had to have special legislation. In view of the fact that no such thing is said in regard to sheep, I have the authority to pay compensation. However, I must go to the House of Commons and get a vote, in order to get the money to pay that.

Mr. McCULLOUGH (*Moose Mountain*): Can I ask the minister a question?

Right Hon. Mr. GARDINER: Just a minute.

Mr. McCULLOUGH (*Moose Mountain*): Is there a maximum set?

The CHAIRMAN: Just a minute, please. You can ask a question if you get permission from the witness.

Right Hon. Mr. GARDINER: As soon as I have finished you can ask a question, and I will be finished in a minute with this. Just let me finish it, and get it all in the one place, and then I can answer your question too.

That is the act, and the reason for legislation in connection with the foot and mouth disease, had to do with the fact that both horses and cattle can take foot and mouth disease. Not horses, that has to do with tests.

Mr. ARGUE: And you the Minister of Agriculture.

Mr. McCULLOUGH (*Moose Mountain*): Start over again.

Right Hon. Mr. GARDINER: They put it into horses for test purposes, as my friend knows. We talked about horses here a year ago, or two years ago when we had the foot and mouth disease. No, it is five years ago.

Mr. McCULLOUGH (*Moose Mountain*): That was the Petawawa horse you were paying, that you had on your payroll.

Right Hon. Mr. GARDINER: Do not get too far away or you will be getting into a lot of other complications.

Horses were involved in that inspection, but the animals that were being dealt with were cattle, some of them purebred, and some of them not. We had to have legislation, but we do not have to have legislation with regard to sheep. Provision is made here, for allowing compensation, and then you have got to get money voted, in order to pay it. When this money was being voted, this question was discussed, and I have just been reading from the report of it.

To go down a few lines from there:

Mr. Charlton: Has it ever been done before?

Mr. Gardiner: It was done in connection with the foot and mouth disease. The price was higher than the individuals said they could sell them for on the market or anywhere else.

It was done in connection with foot and mouth disease.

Then Mr. Charlton asked:

Mr. CHARLTON: That is not what I asked.

It appears it was the custom of the opposition then and it is still to say that I am not answering what I was asked.

Mr. GARDINER: That is pretty nearly what you are asking. I do not know what you are asking if that is not it.

Mr. CHARLTON: If the minister would sit still for a moment and find out it might be better. Have you ever brought in adjusters before from outside the country to value herds?

Mr. GARDINER: When the foot and mouth disease was on in Saskatchewan we had many men from the Department of Agriculture of the United States—

Mr. CHARLTON: Were they adjusters?

Mr. GARDINER:—and we had their opinions about everything.

Item agreed to.

That was the estimate, which provided the money to pay this large amount, \$100,050 that the hon. members are trying to show now should not have been paid. The House of Commons passed it. It went to the Senate and was passed there, and it was agreed to by every branch associated with the parliament of Canada. I am not going to argue that it cannot be discussed here on account of that. I am simply pointing out that it has been discussed quite fully before, and every point that has been raised here, was raised in that discussion. I do not know why we should go on discussing these things over and over again, unless my friend still has in mind this political connection,

that he tried to establish, when he started to ask these questions. I am quite sure that the statements, made last night, should have cleared that out of the minds of every person in this country, except, perhaps, a few people sitting around the table here.

The CHAIRMAN: Mr. Hanna.

Mr. CAMERON (*Nanaimo*): I still have some questions. I have not finished my questioning.

The CHAIRMAN: I am sorry, I have got to be fair.

Mr. CAMERON (*Nanaimo*): Just a minute, Mr. Chairman, you allowed the Minister of Agriculture—

The CHAIRMAN: Order.

Mr. CAMERON (*Nanaimo*):—to speak for 20 minutes—

The CHAIRMAN: Order.

Mr. CAMERON (*Nanaimo*):—without answering my question.

The CHAIRMAN: Order.

Mr. CAMERON (*Nanaimo*): Without answering my question.

Mr. HANNA: Mr. Chairman—

Mr. CAMERON (*Nanaimo*): You certainly allowed him to go along with a lot of irrelevant matters that did not have anything to do with my question.

The CHAIRMAN: That is a matter of opinion.

It is a well known practice in the House of Commons, in committee of the whole, and in committees, to try to recognize a fairly proportionate number of members from all parties. Now, you will agree there are various members, who have not had the opportunity, or at least who have not asked questions, for a considerable time now.

Mr. CAMERON (*Nanaimo*): Not since the Minister of Agriculture started to speak.

The CHAIRMAN: Just a minute. Mr. Hanna has been asking for the floor for a long time now, and his name has been on the list. I think it is only fair that I should recognize him at this time. You will get your opportunity again, unless there is a member from another party who wishes to be recognized.

Mr. CAMERON (*Nanaimo*): I would point out that you are recognizing another Liberal, after having allowed the minister to talk for 20 minutes.

Right Hon. Mr. GARDINER: You took twice as long this morning when you were asking your questions.

Mr. CAMERON (*Nanaimo*): And you have not answered my questions yet.

The CHAIRMAN: Mr. Cameron, your point is not well taken. The minister was not answering a question, he was replying to a question that was asked.

Mr. CAMERON (*Nanaimo*): I asked a question, Mr. Chairman, and I am complaining that my question has not been answered yet. You allowed the Minister of Agriculture to go on with a lot of irrelevant material, for an endless time. I want to ask that question again, and I want to get an answer from him. My question is this:—

The CHAIRMAN: Just a minute. Wait a minute. I am sorry.

Some Hon. MEMBERS: Order, order.

The CHAIRMAN: You asked a question and got a reply.

Mr. CAMERON (*Nanaimo*): I have not got a reply at all, no reply whatever.

The CHAIRMAN: Order. This is simply a question as to whether you can come back to the same question, before another member has had a chance to ask a question.

Mr. HANNA: Mr. Chairman, on a point of order. This present discussion is very interesting, but I am going to suggest that it is out of order on at least two counts. We have had a discussion this morning, and it is going on this afternoon, in respect to a valuation of sheep. There have been comparisons made between the flock of sheep, with horses, and with cattle, and so forth. As I understand it, Mr. Chairman, this matter was decided by parliament almost a year ago, at last year's session. I believe that it is quite out of order to discuss some thing that parliament has already disposed of. Parliament has discussed this issue, of voting \$100,000, it was passed by parliament, and was paid to Mr. Rock.

My second reason for suggesting that this discussion has been out of order has regard to our terms of reference. This committee, as I said yesterday, was reconvened for a specific purpose. That specific purpose was to investigate certain rumours or allegations, namely: that some of these sheep had not been destroyed, substitutions had been made, and some sheep were moved from the J. P. Rock flock to a farm in Manitoba. I suggest, Mr. Chairman, that all of these discussions have been entirely outside the terms of reference. I suggest that we get back to the terms of reference. I am very interested in these allegations, and I have yet to hear—and I would like to hear—some proof of these allegations, so that we might report back to the House of Commons, on the matter that we were sent here to examine.

Mr. CAMERON (*Nanaimo*): May I speak on the point of order, Mr. Chairman. My point of order is this: my question to the Minister of Agriculture—

The CHAIRMAN: Wait a minute.

Mr. CAMERON (*Nanaimo*): —are determined—

The CHAIRMAN: I am sorry. Mr. Hanna raised a point of order.

Mr. CAMERON (*Nanaimo*): Yes, and I am speaking to that point of order.

The CHAIRMAN: Oh, you are speaking to that point of order.

Mr. CAMERON (*Nanaimo*): Yes, I am speaking to that point of order.

The CHAIRMAN: I thought you were going to raise a second one.

Mr. CAMERON (*Nanaimo*): No. He claims it is out of order, and I claim it is in order because, my questions, directed to the Minister of Agriculture last year, had a direct bearing on the rumours and suspicions that have been abroad, in regard to this whole transaction with the P. J. Rock farm. I am questioning the credibility of the Minister of Agriculture on account of his statements last year in the house.

Right Hon. Mr. GARDINER: What is your question?

The CHAIRMAN: I am sorry, there is a point of order here. I do not quite see the relationship your argument has to the point of order raised by Mr. Hanna.

Mr. HANNA: Two points.

The CHAIRMAN: As a matter of fact, I am not too clear as to what the point of order specifically is, that was raised by Mr. Hanna.

Mr. HANNA: Mr. Chairman, my point of order is this: first of all, we have been discussing a matter on account of compensation paid to Mr. Rock, for so many sheep. I maintain that matter was decided, by parliament, almost a year ago. We were not sent here to discuss that point.

My second point is: we were sent here to inquire into certain specific allegations, namely; irregularities of a specific nature, that were discussed on the floor of the House of Commons. We have got entirely outside of those terms of reference. We are not discussing those matters that we were sent here to discuss.

The CHAIRMAN: I appreciate your point now.

Mr. QUELCH: On that point of order, I would like to draw your attention—

Mr. HARKNESS: On the first point of order that Mr. Hanna raised; if there was any validity in the argument which was made, the Public Accounts Committee, of this house could never meet. That committee is drawn together for the specific purpose of going into payments which have been made, and actions which have been taken by the government, all of which are finished before the Public Accounts Committee ever meets, and have been passed by the House of Commons and the Senate. Therefore, I would think that there is no validity, whatever, on Mr. Hanna's point of order.

Mr. HANNA: Mr. Chairman, I believe there is no relationship there. The Public Accounts Committee, and the terms of reference of this committee, are two different things.

The CHAIRMAN: I appreciate that.

Mr. QUELCH: You have called witnesses before this committee who have given us a great deal of evidence on the question of payment. Mr. Graham spent a lot of time on the question, and Mr. Rock spent a good deal of time on that question. Surely, after listening to all that evidence, it is perfectly in order to ask questions in regard to that evidence. If it should not have been done, the time to complain was when these witnesses were giving that evidence. It is too late now. The evidence has been given and, therefore, the members of this committee have a perfect right to ask any questions, relevant to that information.

Mr. ARGUE: Mr. Chairman, an additional argument; I would refer to the speech made by Mr. McCullough himself, which led to this committee being established, in which he complains that the compensation paid was excessive. He also went into some considerable detail, and I suggest this is the very nub of the matter that this committee is discussing, that is, the whole question of whether or not the government can substantiate the very large payments that were made to Mr. Rock. Surely a payment from the public purse of \$100,000 is something which we should be entitled to question.

The CHAIRMAN: I think I am getting the intent of the point of order and the opinion of the members. This point of order could be related to two standing orders or to two rules which have been invoked on many occasions.

I think what Mr. Hanna has in mind is that it is against the rules to revive a debate. I do not think we could apply that rule in this particular case for the obvious reason that we are acting under a specific order which we got from the house to look into a debate that had already taken place.

At any rate, this rule never applies to a debate which took place previously to the session. It always applies only to a debate of the current session going on. So we could not very well do it under that rule.

Of course it could be related also, I presume, to a rule which says that we cannot reflect upon a determination of parliament. Frankly, I do not think we could here again invoke that rule because I think the rule says definitely—I forget what the standing order is—but if you want to criticize legislation you have to be in a position to propose a definite amendment or a change to it, and to make a motion to it.

But in this case this provision to my knowledge has never been applied to estimates. I do not think it is the intent of it at all that it should be carried that far so as to apply to estimates that have been passed in the House. So in this case I do not think the first point is well taken at this time.

As far as the second point is concerned, that we have gone outside our order of reference, this is a hard one to determine just now. I am not too sure that we are not straying away somewhat from our order of reference, But I would not care to pass judgment at this moment that we are actually

outside of our order of reference because our order of reference is so broad. It refers to us the whole speech of the hon. member; and in that speech there is an allegation which is now being discussed.

Are there any other questions?

Mr. CAMERON (*Nanaimo*): May I have an answer to my question now?

Right Hon. Mr. GARDINER: Will you please tell me what it is? I thought I had answered it.

Mr. CAMERON (*Nanaimo*): My question is this: why, in view of the fact that we have had evidence from the officials that they, and they alone did the appraisal of the stock, why did Mr. Gardiner on July 13, 1956, as recorded at page 5961 of *Hansard* make this categorical statement:

The valuation of the flock was made by independent valuers who were brought here from the United States to do the job. They valued the sheep at \$160,000, and the amount paid was \$100,000, which is \$60,000 less than the sheep were valued at.

Why did you make that categorical statement when on July 13 you must have known that it was untrue, because your officials had already performed the valuation. You yourself just now, when I suggested that you raised the valuation from \$92,000—you said that included in the valuation were the lambs. That is what brought it up to \$100,000.

Right Hon. Mr. GARDINER: Well, my answer to that has already been given, but I will give it again without reading it. The statement which my hon. friend has just repeated for a second time is taken right out of its context as I read it a few minutes ago.

Mr. CAMERON (*Nanaimo*): Please tell me how it is taken out of its context? Can you explain that to me?

Right Hon. Mr. GARDINER: You can read the speech as I gave it.

Mr. CAMERON (*Nanaimo*): It makes no difference whatsoever.

Right Hon. Mr. GARDINER: I shall not argue with you at all. That is a fact.

The CHAIRMAN: Order, order. Please Mr. Cameron! You asked a question?

Mr. CAMERON (*Nanaimo*): Yes, and it is still not answered.

The CHAIRMAN: It may not have been answered to your satisfaction, but at least until the minister sits down I think you should wait, because until then he might give you the answer that you want.

Right Hon. Mr. GARDINER: This is taken out of the context which I read, and if it is read that way it sounds the way my hon. friend wants to make it sound. But when you read the whole discussion which covers pages, you will find that the very things asked for have been said before.

Mr. CAMERON (*Nanaimo*): On what page? You cannot find it.

Right Hon. Mr. GARDINER: Yes, I can. Remember, this committee knows that in that debate the question was indicated that there had been \$160,000 proposed by someone. I said it was by persons outside Canada, in the United States. They also know from the discussion in this committee that there was another estimate made to the owner of the sheep by an American. I think, speaking from memory now, it was \$123,000. Then, as has been indicated, there were estimates made by our own people and it had to be determined as to which one of them we were going to accept if we accepted any of them.

We did not accept the \$95,000 made by a Canadian; we did not accept the \$123,000; and we did not accept the \$160,000. But we did accept the \$92,100 plus the price of the lambs.

That was worked out by our people, but we had all the others to look at when we were making it, that was the one which was accepted.

Mr. CAMERON (*Nanaimo*): Would you explain this to me please: why did you say this, as recorded at page 5966:

If anyone associated with me in any way whatsoever throughout Canada had been taken there to do the job I know what would have been said about that . . .

Is the implication not this: that no one connected with you was taken there to do a valuation job?

Right Hon. Mr. GARDINER: No one connected with me as a personality yes. But in so far as the officials of the department are concerned, no one without personal bias would ever read that meaning into the statement. The officials of the department are employed by the department to do that kind of work, and of course they are consulted.

Mr. CAMERON (*Nanaimo*): Following that, you said that if it had been left entirely to the officials of the department you have referred to, and I think that is a very ambiguous statement, because you knew there were three officials there from the United States, and earlier you said that one of them was called Byers.

Right Hon. Mr. GARDINER: No, I did not tell you any such thing. I said there was a Mr. Byers who reported to me what the American valuator had said.

Mr. CAMERON (*Nanaimo*): Then why did you say that we brought in valutors?

Right Hon. Mr. GARDINER: We brought them into the discussion. That does not mean that we brought them into Canada. We brought in valutors, and those valutors did give us valuations we did not accept.

Mr. CAMERON (*Nanaimo*): You brought them in?

Right Hon. Mr. GARDINER: We brought in valutors.

Mr. ARGUE: Who were they? What were their names?

Right Hon. Mr. GARDINER: One was named Warrick.

Mr. CAMERON (*Nanaimo*): This morning you said that you were not sure whether those valutors had come in; you were not sure in what way this price had been officially conveyed to you. You told us, in fact, that probably Mr. Rock had got some information from the United States. How does that square with your statement now?

Right Hon. Mr. GARDINER: This was a year ago that you are talking about. I was not sure then and I am not sure now whether they came to Canada. You have apparently read Hansard since last night and so have I. I have gone over it. I recalled circumstances, and I can give you circumstances. When one stands up here after a year or even months have gone by and starts to answer questions about everything, one does forget some of the happenings. I have had two or three things recalled to me while Mr. Rock was speaking last night. Mr. Rock will tell you too that it was on very few occasions I have ever met him. I was very much taken with his discussion last night and I listened to it very carefully.

Mr. CAMERON (*Nanaimo*): I am still rather confused. Did you know of certain valutors, and if so, can you give the committee their names? Do you know where the information came from?

Right Hon. Mr. GARDINER: I have given you the name of one of them. It was a Mr. Warrick, but I am not in a position—I think he belongs to some firm. Oh yes, it is the Roy B. Warrick and Sons of Oskaloosa, Iowa. He was one who was contacted. I did not contact them personally but they were contacted through the gentlemen I spoke of, and then the reports were made to me.

Mr. SMITH (*Battle River Camrose*): Did these American valuator come up personally to evaluate this flock?

Right Hon. Mr. GARDINER: I shall let Mr. Rock deal with that question eventually when it comes to the point because I do not know everything that went on in connection with the flock. I might say no, and be wrong.

Mr. SMITH (*Battle River-Camrose*): I shall leave that question for the moment but I should like to ask Mr. Graham two short questions the answers to which could be yes or no. Do I understand that during the course of appraising the valuation of the Rock flock that you took into consideration the prices which Mr. Rock would have received had he been able to dispose of them to United States and to other buyers? Did you take those two things into consideration?

Mr. GRAHAM: Yes sir.

Mr. SMITH (*Battle River Camrose*): In your opinion, was this appraised valuation—would it have been as high if the United States market had not been taken into consideration?

Mr. GRAHAM: Would you mind repeating your question?

Mr. SMITH (*Battle River Camrose*): In your opinion would this appraised valuation have been as high—the valuation which you and the other gentlemen placed on this flock—would it have been as high if the United States market had not been taken into consideration.

Mr. GRAHAM: Under the circumstances I could not have done other than I did.

Mr. SMITH (*Battle River Camrose*): Would it have been as high?

Mr. GRAHAM: I was basing my appraisal on the normal market for Mr. Rock's sheep.

Mr. SMITH (*Battle River Camrose*): And that included the United States market?

Mr. GRAHAM: Yes.

Mr. SMITH (*Battle River Camrose*): And if you had taken into consideration only the Canadian market, would it have been as high?

The CHAIRMAN: I do not think Mr. Graham needs to answer that question. He has given you an answer.

Mr. SMITH (*Battle River Camrose*): He gave one answer.

The CHAIRMAN: Yes, he gave you an answer that in his opinion the fair market value had to take into consideration the United States market.

Mr. SMITH (*Battle River Camrose*): If the flock had been sold in Canada, if there was a sale of the Rock sheep in Canada last March at which United States buyers could have attended, would they have been able to get as much for the sheep as you quoted?

Mr. GRAHAM: I would not know that. It would have to happen first.

Mr. SMITH (*Battle River Camrose*): I would like to have an answer as to your opinion.

Mr. GRAHAM: I have volunteered the information that my appraisal was based on Mr. Rock's normal market, and that on that basis my appraisal was \$92,100. I did not take into consideration the Canadian market because that was not Mr. Rock's normal market.

Mr. SMITH (*Battle River Camrose*): Thank you. I do not blame Mr. Rock for negotiating the best possible settlement he could with the federal government. As far as I am concerned, that was just good business on his

part B. I do not think it was good business on the part of the federal government to have reached a settlement based on United States prices. I would like to point out to the minister that I know of hundreds of farmers in western Canada who are growing wheat and who would be truly delighted to sell their wheat at United States market prices at the present time.

The CHAIRMAN: Have we reached the stage where we are going to sum up the evidence.

Mr. CAMERON (*Nanaimo*): No, I have some questions.

The CHAIRMAN: Well in that case I must ask that we stick to the questions.

Mr. HARKNESS: May I ask the minister a question: who was responsible for the bringing of these three American valuers up to Canada, and who asked them to come, and, particularly, who paid their expenses and fees for coming up to do this job.

Right Hon. Mr. GARDINER: I am afraid that in so far as these men are concerned, two or three questions have been asked, one is: whether they ever came up here. So far as my information was concerned I did not get it directly from them. I have indicated where I got it from. My understanding was that he did get it directly although I could not swear to it, but there is a man here who knows what inspections were made of that flock, and I refer to Mr. Rock himself. I suggest that he answer your question.

Mr. CARDIFF: Surely the minister can answer whether they were paid by the Canadian government or who paid them for coming up here.

Right Hon. Mr. GARDINER: No, we did not pay them.

The CHAIRMAN: Now, Mr. Rock.

Mr. Rock: Gentlemen, before I say anything in answer to this question I must say as a private citizen that diseases of livestock that were months away from this country today, with our fast transportation, are a matter of hours away. We were in the unfortunate position in connection with our sheep, that it was necessary to have our flock destroyed and our life's work destroyed for the public good. It was necessary to destroy our work so that other purebred flock owners in Canada could enjoy world markets and commercial sheepmen in Canada could enjoy the United States market.

The point I wish to make is: this is the first occasion when one of the better flocks or herds of this country had to be destroyed because of a contagious disease. I am not a fortune teller, but I do know in time to come diseases that are at present in Africa, diseases that are present in Europe, diseases that are present in different countries of the world, will come to Canada and for the protection of the public it will be necessary to destroy herds of those animals. I would like to make that point clear, sir, because it is very important. It is not fair that a private individual who has to make his living out of his livestock should have his life's work destroyed for the public good and get no compensation. That is something for you gentlemen to think about. As a private citizen I am bringing up that point.

Now, in connection with the matter of the valuation of a sheep flock, I mentioned Mr. Warrick who came up to our place on a visit at New Years 1956. He has sold the highest priced Suffolk lamb, at \$3,500, that has been sold by auction. His flock I consider is one of the two best in the United States today. I asked him to value our flock at the time he was up here. At the time our flock was destroyed I sent him a wire and asked him to give me a valuation of our flock. I was in this position: our flock was to be destroyed. I was not arguing about that. It was necessary for the public good to destroy it. All the money which my father and I had made over the years, surplus money we had, had gone into that flock. In that flock at one time or another \$23,000 or \$25,000 had gone into it for sheep from England. Naturally, when

they were to be destroyed and our income was to be destroyed I wanted impartial men to give valuations which could be passed on to whoever was appointed by the Department of Agriculture to do that job.

I also asked Mr. Ewing, from the "Sheep Breeder" of Columbia, Missouri, to make a valuation. The "Sheep Breeder" is, you might say, the purebred sheep breeders bible and most purebred breeders in Canada and the United States take that paper, most of the advertising is carried through there and it is more or less the paper which speaks for the purebred sheep breeders. Mr. Ewing had quite often seen our sheep and our products go to auction sales, seen our products go to other men and he knew what they would do. I asked him to send in a valuation. When our flock was first under suspicion that there might be difficulty about it I asked Mr. A. C. R. Grenville—who I think in the west would be considered the dean of the western purebred sheep breeders and who carried an awful lot of weight, far more than did I, and you people from the west must have known Mr. Grenville, I know Mr. Quelch knew him and I think he can vouch for the statements I am making—I asked him for a valuation of our flock and when Mr. Graham came to our place that information was turned over to him,

I will go a shade further on this matter of valuation. A week ago last Monday—I think I am correct in my date—there was a flock of sheep in California amounting to 1,300 head. Most of them purebreds. A few were Columbias that were on the place in a pasture deal. There were also some commercial lambs. This flock was destroyed this spring. The owner phoned me to rush him air mail a valuation of his flock which he could turn over to the federal authorities and the state men from California in order to have some basis for valuation from an impartial man as to what his sheep were worth. It is a common practice which breeders do when disaster strikes. It is also a common practice when estates are being settled or when men who are in partnership wish to dissolve that partnership. They call in an appraiser to appraise the value of the products they have.

I thought if you had this picture you would understand how this information came about.

Mr. HARKNESS: Mr. Chairman, I understand from what Mr. Rock has just said that he got Mr. Warrick to come up. I was not quite sure whether or not he got him to come up after the herd was condemned or before.

Mr. ROCK: It was at New Year's he came up. At that time no one knew that the flock would be condemned.

Mr. HARKNESS: He had been there a month or so before the flock was condemned?

Mr. ROCK: Yes. What he came for really was he wanted a stud lamp in the worst way. He had to have a ram to carry his flock over. He wanted to see what I had and what I could tell him about when we might be able to ship to the United States.

Mr. HARKNESS: Do you know anything about these other two American valuator or sheep men whom the minister stated had valued this flock?

Mr. ROCK: The minister did not deal with me. I would suspect through interdepartmental correspondence these are the men to whom he is referring.

Mr. HARKNESS: Do you know anything of these other two yourself?

Mr. ROCK: I know about a Mr. Warrick and Mr. Ewing. I gave that information to Mr. Graham when he came to our place to value the flock. There was also Mr. Grenville who is a Canadian. His valuation was made the year before because at the time our flock was destroyed he was gone.

Mr. HARKNESS: The situation is you know of Mr. Warrick and you do not know about the other two Americans to whom the minister has referred?

Mr. ROCK: I would presume these are the two men he referred to.

Mr. HARKNESS: Which two men?

Mr. ROCK: Two Americans who were referred to. I would assume Mr. Warrick and Mr. Ewing are the two Americans referred to. Mr. Grenville was a Canadian.

Mr. ARGUE: Who was the third American?

Right Hon. Mr. GARDINER: The three are the three he is referring to.

Mr. HARKNESS: Who is Mr. Ewing and when was he there?

Mr. ROCK: He was the editor of the "Sheep Breeder" of Columbia, Missouri. He had been at our place before—

Mr. HARKNESS: He had never been at your place?

Mr. ROCK: Yes. He had. I do not know the exact date. I will put it this way: where were you on February 22, 1941?

Mr. ARGUE: No, no.

Mr. HARKNESS: Mr. Chairman, my first interest in this matter right from the start was when this thing came up I was interested in the fact as to whether or not there was an adequate, fair and just compensation paid. As a matter of fact I think I was the first man to bring the matter up in the House of Commons when the condemnation first took place and I asked the minister more or less in these words as to what steps he was taking to insure that the Rocks received adequate compensation for the sheep. What I am still interested in today is finding out the way in which the valuation of the sheep was arrived at and whether or not it was fair, just and adequate.

I do not appreciate the sort of howls which come from my left-hand side. I have no axe to grind in this thing from any point of view except as a member of parliament and as a citizen of Calgary to see a fair amount of compensation was paid and the public treasury was not defrauded in any way and so on. That is the viewpoint from which I am asking the question. I am still far from clear in respect to the statement which the minister made in the house that three American valuers were brought up to put a valuation on these sheep and who valued them at \$160,000. It would appear from the evidence that we have had that the minister did not bring up any, nor did any of the people in his department bring up any, valuers. What happened was Mr. Rock obtained valuations from a man who was in a good position, I think, to give him a valuation. I think it was a wise thing for him to do. Then he got a further valuation from an American sheep breeder. Those valuations were, I take it, passed on to Jack Byers and he told the minister they were the values that these two American sheep breeders had put on them and Mr. Rock had told him that was the situation. I do not think the minister had any right to get up in the House of Commons and say we have had these valued by three American valuers.

Right Hon. Mr. GARDINER: Mr. Chairman, the fact is, from the discussion which has taken place, there were apparently two Americans and one Canadian, but there were certainly three men outside of this department. I gave one source of my information. I was told that there were three people, when I was in Calgary, and the names were mentioned. Grenville is not a familiar name to me; it may be to Alberta people, and I have no doubt that it is. But I took it that they were all Americans and so stated.

Mr. Rock has said that this information was turned over to our people. I did have information to that effect, which may have come from that source, but I remember it from the other source. But I have also stated to

the committee that we did not take their recommendations, which were considerably higher, we eventually took the recommendations of our own people, and the file which my hon. friends have will show the one—that I agreed to that on a certain date, and signed it.

Mr. BRYSON: Mr. Chairman, Mr. Rock a moment ago deplored the fact that his herd had to be destroyed, and I think we can appreciate that fact. I would like to ask a question of Dr. Wells. Doctor, if a registered bull worth \$20,000 was ordered destroyed by your department, or by some department and—

Mr. BENNETT: Mr. Chairman, I rise to a point of order. We were tolerant this morning, and we have listened to questions about cows and horses. I submit that what we are examining here is whether these sheep were adequately paid for, and other allegations that have been made. Dr. Wells said this morning that the authority for the payment in respect of these sheep was section 12 (1) of the act. He said that very plainly.

I think it is beyond our scope of inquiry to keep talking about cows and horses and goats and everything else—and wheat. In our terms of reference there is an order of the House of Commons that we report during this session and none of us knows when the session is going to be over. It is our duty to sit morning, afternoon and night, and get our report in to the House of Commons. I do not think we can be asking Dr. Wells about these thousand-dollar bulls. I submit the question is out of order.

Mr. BRYSON: Mr. Chairman—

The CHAIRMAN: Are you speaking to the point of order?

Mr. BRYSON: No.

The CHAIRMAN: Well, I have a point of order before me. I think the point of order is well taken. The act is not really before us. We have a very specific reference, and I would like to ask everybody please to refrain from going too far away from our order of reference. Let us discuss the question immediately before us, which is the compensation for sheep. I do not see any relationship between horses and cows or cattle.

Mr. BRYSON: Mr. Chairman, I am concerned with the compensation paid, and the basis upon which it was paid. I am going to ask a question now, to settle in my own mind if Mr. Rock got paid a fair price for his sheep.

The CHAIRMAN: Well, go on.

Mr. BRYSON: On the basis of what I said in the first place, I am going to try to establish—and I hope when I am through that the committee may have some idea as to whether Mr. Rock was fairly paid or not. The question has been asked as to whether there was a fair payment made. Dr. Wells, if a registered bull worth \$20,000—

A Hon. MEMBER: Sheep.

Mr. BRYSON:—died of TB—

Mr. BENNETT: Again on a point of order, Mr. Chairman, I submit that is not a relevant question for the reasons I have stated.

The CHAIRMAN: Well, there is a point of order before me. I think the point of order is well taken. Why refer to cattle? Why not put a question on sheep?

Mr. BRYSON: I am going to make a comparison to see if there is any relevancy between what he is paid by way of compensation—

The CHAIRMAN: No; there is no question as to that. They are two separate cases altogether.

Mr. BRYSON: I will deal with sheep, then.

The CHAIRMAN: Good.

Mr. BRYSON: I will deal with sheep. I notice in the appraisal, in the valuation, Mr. Graham, that you made,—I notice that one Suffolk stud was paid for in the amount of \$2,500, and I am suggesting that—well, for argument's sake—let us say that is the best sheep that the Rock farm ever sold—\$3,350; is that correct?

Mr. ROCK: That is right—Oh, I beg your pardon?—

Mr. BRYSON: Just a minute—

The CHAIRMAN: Well, you have asked a question; let him answer.

Mr. BRYSON: I will give him the benefit of the doubt.

Mr. ROCK: I did not get your question clearly. The question you asked—what was it?

Mr. BRYSON: I understood that the best sheep, the best ram, whatever sex it was, that your farm has ever sold, was for the sum of \$3,350.

Mr. ROCK: Yes, the highest price we ever sold.

Mr. BRYSON: On the assumption that the sheep on which the payment by way of compensation of \$2,500 was paid to you—we will say that you could have sold that for \$3,350. We will say it is the best sheep you have, and it is on that basis that you were paid the \$2,500 by way of compensation.

Mr. ROCK: I will answer your question in this way: The ram that we sold for \$3,350 was one that we had sold. He had characteristics that we did not need to put into our flock to sire the lambs for us. The \$2,500 ram was one that was not for sale. We can go back a little bit. This ram question, of \$2,500, was sired by Badley Quinton. He left good sheep, whose weakness was that they were deficient in the leg mutton. In 1950 we borrowed 800 guineas from the Bank of Commerce—the equivalent of 800 guineas in Canadian funds—from the Canadian Bank of Commerce and sent to England to my cousin to buy us the best hind-ended ram in the Ipswich sale.

He selected the champion ram from that sale which, as events proved, was the highest priced ram in England that year. He came over in due course and was mated to daughters of Badley Quinton. He himself did not do so well as a sire of stud rams or males. The highest price ram sold from him for \$975. The female by him, out of Quinton, bred back to Quinton, produced this \$2,500 ram. That ram incorporated the best things of Badley Quinton and the hind-end of Abbott's Cup Winner. And, coming back, he gave us the bone of Badley Quinton. That was a ram that I thought a tremendous amount of because it was the best one that we had ever produced. And I will always feel sorry that his lambs were not allowed to grow to see what he himself would breed like.

Mr. BRYSON: That is very fine. In other words, then, you were compensated \$2,500 for a lamb which you said had no value. It was...

Right Hon. Mr. GARDINER: Oh no.

Mr. BRYSON: That you would not sell; it was too valuable to sell?

Mr. ROCK: Yes.

Mr. BRYSON: Pardon me; I think I understood you. You held this animal at such a terrific value that it was not for sale at any price.

Mr. ROCK: Yes.

Mr. BRYSON: But it was disposed of and you got \$2,500 by way of compensation. By the same token, Mr. Rock, I suggest to you that a bull of equal value dying of TB would only get a compensation of \$100.

The CHAIRMAN: There is no comparison.

Mr. ROCK: I would like to elaborate a little bit on that, to be fair to all purebred breeders.

These animals have a standard of excellence. The males sire lambs, calves or colts. They themselves may be superior individuals. The progeny that they leave is the mark that they will make in the industry. From the \$2,500 ram that you refer to, the lambs by him were less than a month old. No one will know whether they would have been the equal, the superior, or poorer than he was himself. Because we do not know the complete inheritance of that ram, to couple that with the complete inheritance of the ewes.

Mr. ARGUE: Mr. Chairman, in relation to the figures Mr. Rock placed on the record, I would like to ask as to his income. Do I take it that the \$42,600 referred to is the 1948 income from the sale of sheep,—entirely from the sale of sheep?

Mr. ROCK: Do you mean the figure I gave last night?

Mr. ARGUE: Yes.

Mr. ROCK: Yes; that was the sale of sheep; that was not farming.

Mr. ARGUE: How many sheep?

Mr. ROCK: I cannot offhand answer that question.

Mr. ARGUE: I think this committee should receive from you as quickly as you are able to get it, the figures. And, if I may complete my question of the number of sheep involved for each year in the figures referred to by you last night, and the information that we have been inquiring about since yesterday as to the identity and numbers and values of the sheep sold from your farm in 1954, 1955 and January of 1956. In other words, we want to get the picture of your income from sheep in relation to the numbers of sheep for all the years, together with the detailed information as to pedigrees and so on which we were told this morning you had in your brief case—for 1954, 1955 and January of 1956.

Now—

Mr. ROCK: Sir, with regard to the amount I gave you last night, the year 1948 was 676; 1949, it was 447; 1950, it was 661; 1951, it was 340; 1952, it was 238; 1953, it was 454.

Mr. ARGUE: Yes? And what about 1954?

Mr. ROCK: I do not have that in this auditor's statement.

Mr. ARGUE: So that 676 at \$42,000 in 1948—is that correct?

Mr. ROCK: Yes. And I might elaborate on that by saying—

Mr. ARGUE: No, I do not think it is necessary.

The CHAIRMAN: Well, he should be allowed to elaborate. Let us be fair about it. Just a minute now; you have asked the witness to give an answer.

Mr. ARGUE: Do not hold it against my time.

The CHAIRMAN: No, do not worry about that. As a matter of fact, there was a question in my mind when you asked the question, as to whether it was proper to ask a man to divulge all his personal income information, and publicly like this. Since he was willing to furnish the information, I did not object; but I think the committee should think about this—whether it is proper that the man should be asked to give this information.

Mr. CAMERON (*Nanaimo*): On a point of order—

The CHAIRMAN: Just a moment; I have the floor. The least you can do is let the man explain fully the figures that he gave. That is the point I am driving at.

Mr. ARGUE: On the point you have raised; I wish to give the reason for my asking the question—I wish to make the reason quite clear. I think it is

absolutely essential that this committee have the background information of the income per sheep for the years referred to in order that the committee may judge whether or not excessive payment was paid for compensation. And in the figures we now have before us—I have not done the arithmetic—but I can see by a very brief glance that the payments are less than 50 per cent per sheep as related to the compensation paid.

The CHAIRMAN: That is exactly the point that I was getting at. Now, in all fairness to the man—you are jumping at conclusions already.

Mr. ARGUE: No, I am not.

The CHAIRMAN: The figures have to be interpreted. Surely the man to interpret the figures should be the man who gave the figures. Surely you have to give the man a chance to interpret the figures, and tell the committee what the figures mean. That is the least we can do, surely.

Mr. ARGUE: I am quite happy.

The CHAIRMAN: Mr. Rock, go ahead.

Mr. ROCK: So in 1948 that 676—in those years we had a big business in Texas.

Mr. McCULLOUGH (*Moose Mountain*): Would you speak louder, please.

Mr. ROCK: In those years we had a big business in Texas. The largest number of female sheep in the United States are in the state of Texas. From 1948 to 1950, grass was good in that state, and there was a tremendous market for male sheep which would sire them heavier lambs. A poorer sheep in Canada was a good sheep in Texas. And in the 1948 figure of 676, there was a large number of sheep that I bought cheaply in Canada and sold dear in Texas. And the sheep that were sold of our own breeding were sheep that we could spare. When you destroy a flock you destroy a man's foundation. You destroy the factory by which he produces his livelihood.

Mr. ARGUE: For that year can you tell me whether on the other income side of your picture whether you purchased sheep in those years, and if so, what was the total value of the sheep purchased, and the numbers in each case?

Some Hon. MEMBERS: No.

Mr. ARGUE: Oh, I think this is completely relevant, because this is not your gross income, entirely from the sale of sheep, I take it, if you are in the sheep business, this is another factor to be considered; what is the number of sheep you have put into your flock, and the price paid, because I know that some can buy as many sheep as they are selling. So you may not have purchased any sheep. I am just asking; what are the number of sheep you purchased during each of these years, and the value of the sheep. Then we could see what the gross income was, in excess of the figure that has been produced.

Mr. ROCK: Sir, these figures were not made up for this committee. Those are my income tax figures. The only thing those people were interested in was, how many sheep I sold, and how much money I brought back to the farm for them. I do not have a breakdown of the sheep that I have bought, and the sheep I raised myself, sir.

Mr. ARGUE: Can you get that for the committee?

Some Hon. MEMBERS: No, no.

Mr. ARGUE: That is, the total value of the sheep which you have purchased during each of these years, and the number in each year?

Mr. ROCK: I would have to go home, sir, and dig through my files, because they are scattered through them.

Mr. ARGUE: The income tax people would not have that?

Mr. ROCK: No, sir.

Mr. ARGUE: As part of your breakdown of expenses?

An Hon. MEMBER: Do not do it.

Mr. ROCK: I reported, on my income tax form, the number of sheep I sold, for the amount of money I have. I do not have with me, the information of the number that I sold.

Mr. ARGUE: Would you be prepared to check?

Mr. ROCK: I would have to go home and get that.

Mr. ARGUE: There is no one out there that could obtain those figures?

Mr. ROCK: No, sir, because there are a very large number of files, and I do not have them with me. I would have to get them myself, sir.

Mr. ARGUE: I think that is the type of information that is essential to the committee.

Some Hon. MEMBERS: No, no.

Mr. ROCK: I am sorry, sir.

Mr. ARGUE: Do not think I am attaching any criticism to the fact that you do not have them here.

Some Hon. MEMBERS: Oh, oh.

Mr. ARGUE: I am not attaching any criticism to that. I did not expect Mr. Rock to bring all of his records with him, and I am not endeavouring to criticize you in any way at all.

Mr. ROCK: I was informed, at two o'clock, that I had to come here.

Mr. ARGUE: I was simply asking if this information could be made available to this committee.

Mr. ROCK: I have given you the information that I had. In respect to some of the information, actually I do not think it is fair that I should give that, and that that should be publicized all over Canada. The Imperial Oil Company, for instance, would not do that, as well as many other people.

Mr. ARGUE: I think you will agree, though, that you gave to us, not by question and answers, but voluntarily, a lot of information last night.

Mr. ROCK: I gave you that information voluntarily. This information I give you by question and answer. I was not trying to hold anything back last night. I can put it this way; I did not feel, last night that I should give those figures, for the simple reason, that it is private information.

The CHAIRMAN: Have you another question?

Mr. ARGUE: Yes. This question may be better directed to Dr. Wells, I am not sure. I would like to know the number of registered sheep that were exported to the United States, in each of the years we have been referring to, and the total values, if that information is available. I do not know whether that comes under D.B.S., or whether that is your department.

Mr. WELLS: Certainly, as far as values are concerned, I do not think that information is available. That is a matter of a man's own personal business, in so far as we are concerned. The number of purebred sheep exported, I believe could best be obtained from the D.B.S.

The CHAIRMAN: You mean for the whole of Canada?

Mr. ARGUE: Yes, exported to the United States, from the whole of Canada.

The CHAIRMAN: You could get that from the D.B.S.

Mr. ARGUE: You do not happen to have that?

Mr. WELLS: No, we have not got that figure.

Mr. ARGUE: Could you tell me, in general terms at all, the number of purebred sheep exported to the United States in 1955?

Mr. WELLS: No, I cannot, sir.

Mr. ARGUE: There was a substantial number?

Mr. WELLS: I cannot tell you, sir.

Mr. ARGUE: I will put the question in another way. To what extent has the appearance, or the suspicion of scrapie, in recent years, cut down the general number of sheep exported to the United States—purebred sheep, foundation stock?

Mr. WELLS: I would not know, sir.

Mr. ARGUE: Would you endeavour to find out whether or not that information is obtainable? I want the information for this reason, to see whether or not the appearance of this disease is not only hurting, and going a long way to destroying markets for a few people, and is generally making it more difficult, in actual results, for purebred sheep breeders, all across Canada, to export to the United States.

Mr. WELLS: In my opinion, it would not be fair to attribute the fluctuation in the export of sheep entirely to the appearance of scrapie in Canada.

Mr. ARGUE: I was just wondering if you had any information as to the fluctuation.

Mr. WELLS: No, I would not, as to the fluctuation.

Mr. ARGUE: I am asking you if you could obtain those figures.

Mr. WELLS: I cannot promise you.

Mr. BENNETT: Mr. Chairman, on a point of order again, I do not think the answer to that question will help us at all in our inquiry. We are here to see whether, the allegations, made by the hon. member, are true or false. We are all concerned about this dreaded disease, but we are not here to see whether we can combat it, or the effect of it. I think that question is out of order.

Mr. ARGUE: Mr. Chairman, on the point of order that has been raised, I would say the question is very much in order, because, in respect to the information I have been trying to get, if the appearance of scrapie, in a few flocks in Canada, has resulted in a very drastic, severe, and widespread curtailment of exportation of purebred sheep to the United States, then you arrive at the position, that the effect of scrapie is hurting the whole industry. It is removing the market from the whole industry, and it is not something that applies merely to the person, on whose premises scrapie may appear. If that should be the case, then, in projecting whether or not a large part of Mr. Rock's possible income has been lost, one would say "yes". The same applies to every sheep breeder in Canada, and the others get no compensation. If, on the other hand, the market in the United States has not been affected by the outbreak of this disease, and the affect of the disease only removed that market for a few, perhaps, then that is something else.

The CHAIRMAN: I do not see the relationship there. You are getting into a new field altogether, as to the propriety of the provisions made in the act. It is obvious, to anybody, what the purpose of destroying a flock is. It is for the specific purpose of protecting all the others.

Mr. KICKHAM: Mr. Chairman, on a point of order. As far as I can find out, and I have been listening pretty closely to the questions that have been asked of Dr. Wells, and I believe they are most irrelevant, and they do not concern—not one iota—the accusations that have been made by the member from Moose Mountain. I think it is your duty, as chairman, to call those, who are cross-questioning Mr. Rock and Dr. Wells to order.

Mr. McCULLOUGH (*Moose Mountain*): Mr. Chairman, on a point of order.

The CHAIRMAN: Wait a minute.

Mr. McCULLOUGH (*Moose Mountain*): The very fact that the hon. member for Assiniboia has raised this matter, is pretty relevant, because I think we have already had indications, that the basis of settlement was on the basis of the period when Mr. Rock was able to ship his sheep to the United States. I think, sir, if it could be established that there is a period in which sheep were not allowed to go to the United States, then every other sheep breeder in Canada would be in that same position, and would suffer in the same way. I think it is relevant.

The CHAIRMAN: Just on that one point. You are raising a very interesting point, and I agree with you, but it is an entirely different question, and is not the question we have been directed, by the House of Commons, to look into.

Some Hon. MEMBER: Hear, hear.

The CHAIRMAN: The question as to whether there should be a general compensation for all sheep breeders in Canada, is an entirely different question.

Mr. ARGUE: No one has asked about that.

The CHAIRMAN: Wait a minute. With all due respect to you, Mr. Argue, that is the point that Mr. McCullough was raising, and that is his argument. We do not want to get too far afield from the terms of reference. I have been asked, on two or three occasions, to hold the discussion down to our specific order of reference. I have attempted to do that. I have asked the cooperation of every member of the committee to address their attention to that particular point, which is before us, and not to stray into anything, or any other questions, however important, or however interesting they may be.

Mr. ARGUE: I would like to ask Mr. Rock, how he explains the very severe drop in his income, from \$45,000 in 1951 to \$17,000 in 1952.

An Hon. MEMBER: That was explained last night.

Mr. ROCK: As a result of the foot and mouth disease, sir.

Mr. ARGUE: Yes. Had the foot and mouth disease continued for ten years, would that have affected your income, in relation to your past income, throughout the period of the disease?

The CHAIRMAN: I do not think he would know that.

Mr. ROCK: I would answer that question in this way, sir: in Canada, livestock purchasers would have had a drastic curtailment of income, until the present time. At the present time we are almost—I am speaking of Canada—on the basis of being a net importer of meat. In other words, we are buying a little bit more meat than we are producing ourselves. By now, I think the foot and mouth quarantine, perhaps, would have worn off. The thing that caused many people a large cut in income, was not the disease itself, but the loose talk, and the rumours that affected the trade between the provinces. That hurt a great deal.

Mr. ARGUE: I am suggesting that the government of Canada was wise in 1952, in not compensating you, or other sheep breeders, or other purebred livestock owners, who suffered losses because of a loss in the export market, when their own herds were not infected, and that if it should be, that the export market to the United States has generally dropped for everyone, that that should be a definite consideration in deciding whether or not a single flock should be singled out for destruction, at a compensation rate ranging from \$25 per head to \$2,500 per head.

Mr. ROCK: Sir, I will put it this way: the best flocks in our province, when we could not export to the United States, had a field day, because our sheep, Rocksheel, were barred from export. Put it this way: you are raising

thoroughbred livestock to correct the faults in your flock, and you must have a sire that is strong, where your females are weak. When our sheep could not go to the United States, the blood lines that were in demand, were those from breeders in our province, and they had extra good sales because we could not ship. They had extra good sales in 1954, and 1955, sir.

The CHAIRMAN: Mr. Argue, I must point out in respect to your last remarks, and I am quite sure it was quite unintentional on your part, but I think you did leave the impression that Mr. Rock was compensated for economic reasons. Of course, we all know that this was not a factor in the compensation.

Mr. ARGUE: Economic reasons?

The CHAIRMAN: Economic losses.

Mr. ARGUE: It depends on your term, but I think the whole basis was placed on the economy, at least, as related to the market that they had experienced in the past in the United States. That was definitely an economic reason.

The CHAIRMAN: It was on the market value of the stock. I mean he was not compensated for any economic loss as such.

Mr. BENNETT: If we are all going to make speeches I would like to say that the man would be compensated as set out in the act, first, for the market value; I think we should get away from speeches. We will be making them at the end when we draw up our report. We all have opinions on this matter.

Mr. CAMERON (*Nanaimo*): You referred to the advice which you got with regard to the value of your stock from a Mr. Warrick and a Mr. Ewing. You got that advice at the time when your stock was quarantined or just before it; and it was due to be destroyed at that time, was it not?

Mr. ROCK: Yes.

Mr. CAMERON (*Nanaimo*): What was your purpose in getting that valuation at that particular time?

Mr. ROCK: Sir, I shall answer you in this way: when a Californian man lost his flock just a short time ago he wanted a valuation from an independent man who had no connection with the sheep business in the United States. He wanted such a man to give a valuation to him which he could show to the arbitrators. Accordingly I gave him a value and I based that value on four times his average gross income over the preceding five years. I have not seen that flock for many years. But I based his value at four times his average gross income from the sheep in the past five years. I was trying to be fair to the United States, I was trying to be fair to the man I was trying to help, and I was trying not to make a fool out of myself because I am supposed to know something about the sheep business.

Mr. CAMERON (*Nanaimo*): I presume the fact is that this value for the same purpose would be shown to the person who was appointed by the Department of Agriculture who valued your flock?

Mr. ROCK: Yes sir.

Mr. CAMERON (*Nanaimo*): You did show it to him?

Mr. ROCK: Yes.

Mr. CAMERON (*Nanaimo*): May I ask Mr. Graham a question then. I asked Mr. Graham this morning if he had ever heard of a valuation of the Rock flock of \$160,000 which was made by American valuers. At that time he told me that he had never heard of it. Did Mr. Rock not show this valuation to you?

Mr. GRAHAM: I think at the time we were in conference with Mr. Rock—that would be on the second day of the proceedings when we were in a

discussion and trying to get together on a reasonable value of the sheep—at that time the valuation which Mr. Rock showed to me was from Mr. Grenville. I was shown a letter from Mr. Grenville indicating a valuation of \$95,000; and he also showed me a statement from Mr. Warrick who had valued the Suffolk flock at \$138,000. I had that information when I came back to Ottawa.

Mr. CAMERON (*Nanaimo*): Then, Mr. Graham, you did actually hear of this valuation?

Mr. GRAHAM: Not of \$160,000, no.

Mr. CAMERON (*Nanaimo*): Mr. Rock has just told us that he showed you the valuation of \$160,000. Which of you is right in this case?

Mr. GRAHAM: The note I took at the time—and I have it here among my papers—indicates that the information given to me as that Mr. Warrick's valuation of the Suffolk flock was \$138,000.

Right Hon. Mr. GARDINER: There were two breeds of sheep. That was just for the Suffolks.

Mr. CAMERON (*Nanaimo*): I gather that the total valuation of the Rock flock by people that Mr. Rock consulted was \$160,000?

Mr. ROCK: I do not remember at the present time. I would have to check back. I do not remember. But I would presume that Mr. Graham told you the valuation of the Suffolks was \$138,000, or Mr. Warrick; but there was, in addition, the Hampshires and I do not recall the valuation which Mr. Warrick put on the Hampshires. I would have to say that I presumed the figure because I do not know for sure without checking my records.

Mr. CAMERON (*Nanaimo*): I wonder if you could tell me this: there is I believe a formula for income tax purposes, a basic flock formula for valuation. Is that correct?

Mr. ROCK: Yes.

Mr. CAMERON (*Nanaimo*): You employed it in making out your income tax return?

Mr. ROCK: Yes.

Mr. CAMERON (*Nanaimo*): Can you tell the committee what that basic flock valuation was in 1953, 1954 and 1955?

Mr. ROCK: Sir, our basic flock for income tax purposes was 125 units of sheep. I insisted that the Department of Agriculture designate the animals that would cover that 125 units, and the Department of Agriculture set out the basic flock so that I could go to the income tax people with the Department of Agriculture figures, because I thought they could argue better with income tax people than I could.

Mr. CAMERON (*Nanaimo*): What were those figures?

Mr. ROCK: I am speaking from memory, but I think they were in the neighbourhood of \$47,000.

Mr. CAMERON (*Nanaimo*): You are not sure?

Mr. ROCK: No. I mean it could be give or take \$1,000 or so one way or another. But I mean it is somewhere in that neighbourhood.

Mr. CAMERON (*Nanaimo*): And those 125 animals—how would they compare in value with the whole of your flock?

Mr. ROCK: There were not 125 animals; it was 125 units.

Mr. CAMERON (*Nanaimo*): I am sorry I misunderstood you.

Mr. ROCK: In a unit, you see, the income tax people include sheep. Lambs are not considered until they are two years old. They are not considered a unit.

In the case of cattle—I can be corrected on this because I am not a tax authority—but in the case of cattle I think that a mature female becomes a unit at three, or it might be two, but I think it is three; an animal under that age is classed as a half a unit.

Mr. CAMERON (*Nanaimo*): Can you tell me how many individual animals were included in those 125 units?

Mr. ROCK: No sir. Not off hand. I tried to figure it out on the long term age in the flock; in other words; you have so many young ones and so many lambs that you carry for a year that you wish to put in the flock, less those not up to your requirements at the time; they can die; you may have less two years olds because of natural mortality; and some may have been sold off; you may have less three year olds and less five year olds. I tried to do a fair average on the number of each age that would comprise our basic flock.

Mr. CAMERON (*Nanaimo*): You cannot tell me how many animals were included in it?

Mr. ROCK: Not off hand.

Mr. CAMERON (*Nanaimo*): Could you not make a rough estimate?

Mr. ROCK: No sir, I would rather not say because I do not want to tell you something that is not correct. I could say that I do not know. If I do not know, that is it.

Mr. CAMERON (*Nanaimo*): Can you tell me how many sheep were in your flock on March 26, 1954 when the disease was first suspected in your flock?

Mr. ROCK: Not off hand, sir. I think Dr. Wells would have the quarantine sheet which shows the number. I have it too, but as I said I had to leave in a hurry and I did not know what information I would need to bring. But I think Dr. Wells would have that figure.

Mr. CAMERON (*Nanaimo*): Could Dr. Wells please give me that information?

Mr. WELLS: I think I have already given it to you, sir.

The CHAIRMAN: Yes, I think it is already on the record.

Mr. WELLS: I am sure it is on the record

Right. Hon. Mr. GARDINER: Yes, it is.

The CHAIRMAN: Are there any other questions?

Mr. CAMERON (*Nanaimo*): What number of sheep were in the flock at the time they were destroyed? It was 495, was it not, or 497 or some such figure?

The CHAIRMAN: What was the figure?

Mr. WELLS: 654.

Mr. CAMERON (*Nanaimo*): That was when they finally were destroyed; but at the time the final quarantine was made you said it was 419, did you not?

The CHAIRMAN: You mean at the time of the appraisal?

Mr. CAMERON (*Nanaimo*): Yes, before they were destroyed. I wanted to know the number of sheep there were at the time they were placed in quarantine and the order for destruction went out. I have in mind something like 497 which was afterwards built up by reason of the lambs.

Mr. ROCK: Mr. Graham says there were 494 sheep at the time of the quarantine including the lambs; February 1st is the date, and there were 494 sheep and lambs. That is the information which he has given to me. I want to make it clear. When range cows calf in the spring, their calves are due the 1st April, and there are more range calves born in April than in any other month; there is less in May and there is less in June. But as I told you last night, in the development of our market we could sell a buck ram lamb for at least as much money as a yearling ram. Your buck ram lamb was born in January or in the first half of February and he is held from June to the

next October. In other words, I would have him on my place for six to eight months and he is gone. But the yearling ram would be born in March or April. He would not be large enough to sell as a lamb. He would not go to the market and by the market I mean the man who is going to use him to sire lambs—he would not go to market until the next September or October; so when he was sold he would be a minimum of 16 months of age. As you all know it does not cost as much, no matter how well you feed them or how much you feed them, to keep a sheep for eight months as it does for 18 months.

Mr. CAMERON (*Nanaimo*): Can you tell us if in the interval between March 26, 1954 when the disease was first suspected and the date of February 27 to March 2nd when the sheep were destroyed your flock was essentially the same flock? I mean to say: I understand there would be individuals gone. Did you have any sales from your flock in that period, or did you have any purchases into your flock in that period?

Mr. ROCK: During the time we were in quarantine there were absolutely no sales!

Mr. CAMERON (*Nanaimo*): Of course. I am not suggesting that at all. I am not suggesting that there was anything illegal. I simply asked you if in the period when the quarantine was lifted—it was lifted twice?

Mr. ROCK: Yes.

Mr. CAMERON (*Nanaimo*): Were there any sales from your flock or purchases by you as additions to your flock?

Mr. ROCK: There would be sales, sir. I am not sure about the purchases. The only purchase I would be making would be a stock ram. I am not sure whether I purchased any or not, or whether I got by with what I had. I think I got by with what I had because money was not plentiful. When your income is drastically cut you put your hands in your pockets and you keep them there. So that covers the purchasing end of it.

As to the sales, there were some sales. Some of the worst sheep were sent to the butcher because they cost me money. When sales are not brisk and you get into a bad deal, the first thing you try to do is to cut your loss and try to get out of the deal. The thing which has the lowest value is the first thing you sell because he costs as much to keep as the better one. So the better sheep is the last you sell on the list.

Mr. CAMERON (*Nanaimo*): You mention also sheep which were sent to the butcher. Earlier in your evidence you spoke of periodically shipping a number of animals to the butcher in Drumheller.

Mr. ROCK: Yes.

Mr. CAMERON (*Nanaimo*): Have you any figures on what you would market in that manner during the year, or have you any estimate of their average prices?

Mr. ROCK: Well, sir, I could not say exactly. I can answer you partly in this way. We got from 40 to 60 cents a pound dressed for those sheep. Some of them would weigh 50 pounds dressed, and some would weigh 80 pounds dressed. At 60 cents a pound for an 80-pound carcass, that would be \$45, and at 40 cents a pound for a 50-pound carcass would be \$20. They would sell in that range. And from that butcher in Drumheller I would purchase feed and other things and trade sheep for it. It would not be a money transaction. I would take the things he had to sell and I would take credit from him for the sheep against those things somewhat as the farmers used to do with butter and eggs many years ago.

Mr. CAMERON (*Nanaimo*): Did you make any sales of your animals to any other purchasers besides the Drumheller butcher?

Mr. ROCK: Yes sir, some would go to Burns and Company, or to Canada Packers, or to the Union Packing Company in Calgary. We did not like to sell sheep at the yards because when they went to the yards the packing company might or might not buy them. But if they went directly to the plant for immediate slaughter, that was it. I am not sure whether they all went to the packers or some went to the packers and some went to the yards.

Mr. CAMERON (*Nanaimo*): Is there any way in which you could get the information for the committee as to the average number you would sell in this manner in the course of a season?

Mr. ROCK: I could get it for you at home. I do not have it here.

Mr. CAMERON (*Nanaimo*): Could you give an estimate of the number?

Mr. ROCK: No sir, I would have to guess and you want definite information. You are not asking for my guesses.

Mr. CAMERON (*Nanaimo*): No. I am asking for the information and I suggest, Mr. Chairman, it is information which we should have.

The CHAIRMAN: I do not see the relevancy actually of this because it is certainly not a criterion.

Mr. CAMERON (*Nanaimo*): Dr. Wells quoted from the act that the compensation should be paid on the basis of the market value immediately before slaughter by order of the department. I want to find out what was the market value of the sheep that were marketed year by year from this farm and to do that I must have an idea not as to half a dozen in the high categories but some idea of the numbers in the low category prices.

Mr. ROCK: Sir, the fact that those in the low category went to slaughter raised the value of those that were left. Some gentlemen have spoken about questioning the use of United States figures. In 1952 we sent 10 ewes and 2 rams of Badley Quinton blood lines to England. Various regulations were not cleared so that when the sheep left home it was about the middle of January. I selected for the reestablishment of the Hayward flock the best females I had, bearing in mind they would be two months in transit. In other words the ones that would lamb late, and also two rams. When they arrived in England the lambs were born too late to be a factor in that year's market. The next year, 1954, a lamb out of one of the ewes we had sent to England sold for 360 guineas and another lamb sired by the ram we had bred sold for 340 guineas. A guinea is approximately \$3.20. The point I wish to make is England is the home of this breed. The English breeders are recognized as being the best breeders of Suffolks in the world. Those are not the highest figures in England but they are not the lowest. I wish to point out there were other values besides the Canadian market. That is what we are trying to bring out.

The CHAIRMAN: Mr. Cameron, you referred to a statement by Dr. Wells.

Mr. WELLS: Mr. Chairman, may I state I was misquoted, or should I say not misquoted but rather underquoted by the hon. gentleman. The hon. gentleman said I had stated that the animal would be compensated at the market value immediately before slaughter. He forgot to add that I stated and read from the act the words "had it not been subject to slaughter under the provisions of this act" which is in effect the principle which is involved.

Mr. CAMERON (*Nanaimo*): Mr. Rock, has the size of your flock varied considerably over the last ten years, would you say?

Mr. ROCK: Our low, I think, was in 1941 or 1942, following a period when we were almost completely hailed out three years in a row, and in order to realize money we had to sell sheep. That is the reason our flock went so low. The income tax people took the lowest number we had in spite of

the fact that from 1935 to 1955 our number was much larger than that. Their basic herd unit was based on that low. As prices improved, naturally I tried to keep more and more sheep in order to utilize the ground we had to the best of our ability.

Mr. CAMERON (*Nanaimo*): For the last few years has it remained in the neighbourhood of four or five hundred as it was at the time of the slaughter?

Mr. ROCK: We tried to keep around two or three hundred breeding ewes. Some years fall markets would not be what you might expect and we would carry over a few more than we had expected to carry over. Other years prices would be particularly attractive and we would market a few extra. However, we tried to run in that range of between two and three hundred ewes. Sometimes we sold a few too many one year and a few too few the next.

Mr. CAMERON (*Nanaimo*): Then I would presume in years when you maintained your flock in a fairly narrow range there would be approximately the same number of animals which you would market to the Drumheller butcher shops and packing houses, approximately the same?

Mr. ROCK: No, sir. That would vary with the numbers that were not up to the standard which we wished to maintain. In the year when we had two hundred ewes to lamb there would not be as many butcher lambs as in other years when our ewe flock was higher. It would vary as to the number of lambs we saved. You can take a figure of 200 ewes put to rams and some years they will drop maybe 175 per cent. The next year something goes wrong and you would only have born 135 per cent. What we were trying to do in our operations every year was to average 135 per cent saved. Some years we would do better than that; some years we would not do as good a job and would do worse than that. That is what we hoped to raise, around 135 per cent.

Mr. KICKHAM: On a point of order. I feel, as one member of this committee, we are now fully acquainted with the operations of the Rock sheep farm. I think it is high time for we, as members of this committee, to ask Mr. McCullough to give this committee some substantiation for the charges which he has made upon the floor of the House of Commons regarding implied substitution of sheep in the Rock herd and also the implications of skullduggery. I think it is high time now for us to demand that you, Mr. Chairman, call upon Mr. McCullough to give some proof of the charges which he has implied.

Mr. CAMERON (*Nanaimo*): Mr. Chairman, on this point of order. I would suggest that the revelations this afternoon call for apologies coming from a different quarter than Mr. McCullough. As there have been rumours and suspicions as Mr. Rock has admitted and as Mr. Smith mentioned in the house, then I think there is a very sound reason for believing those rumors and suspicions have arisen from the minister's misstatements of fact, ambiguities, contradictions, and the fact that we have never been able to get a plain statement as to the values of this flock.

Mr. BENNETT: Then is Mr. Cameron admitting the allegations have no ground?

Mr. CAMERON (*Nanaimo*): No. The allegations were a report of rumors and suspicions, and as Mr. Shaw pointed out yesterday one may indeed be inclined to believe suspicions even though later on they are proven to be unfounded. I suggest the source of those suspicions is sitting right at that table there.

Mr. BENNETT: Is the C.C.F. member willing to admit the allegations contained at page 2923 of *Hansard* have no basis in proof?

Mr. CAMERON (*Nanaimo*): What are the allegations?

Mr. BENNETT: That many lambs were born after the disease was diagnosed in this flock, and rumors persist that some of these sheep have been destroyed; also that some of the sheep were moved from P. J. Rock's flock to a farm in Manitoba. Then he says "I am inclined to believe these rumors". The substitution was the other allegation.

Mr. CAMERON (*Nanaimo*): This was not an allegation; it was a report of rumors, which is a very different thing.

Mr. BENNETT: But you are willing now to believe there is no foundation for the allegations?

Mr. CAMERON (*Nanaimo*): No. I have not been able to get to the bottom of it. We have had contradictions and misstatements from the minister, and definitely untrue misstatements or contradictions and ambiguities which might give rise to suspicion in this quarter.

Mr. GOODE: Will Mr. McCullough now agree, in the statement he made in the house when he said this man was a Liberal supporter and perhaps one of the greatest Liberal supporters in the province of Alberta, that the statement in view of the evidence we have heard was made in error. That is as far as I want to go.—Mr. Chairman, before anything else is said may I ask your permission to ask Mr. McCullough if he will now agree that that statement was incorrect?

Mr. McCULLOUGH (*Moose Mountain*): Mr. Chairman—

Mr. ARGUE: On a point of order.

Mr. GOODE: Let him answer.

The CHAIRMAN: I want to find out whether or not Mr. McCullough wants to answer now or reserve it until later

Mr. ARGUE: Mr. Chairman, on a point of order. This inquiry I realize is very distasteful to the members here. There will be a lot of further information, I have no doubt, come out in this committee, after which we shall be able to decide whether or not there was a substantial amount of fact in the rumors that Mr. McCullough has reported to the house. I have no idea, myself, from the question of the political affiliation or support or information of either the Mr. Rock who is here today, or the Mr. Rock senior. But, I have been informed by my colleague, and I have asked for permission to use his name—Mr. Quelch—that at a public meeting in the town of Morrin in Alberta, eight years ago, Mr. Rock, Sr., chaired a political meeting addressed by the Right Hon. Minister of Agriculture.

The CHAIRMAN: But that does not—

Mr. ARGUE: So that the minister in fact knew him; and I notice that on this point last night—and of course there is nothing wrong with being a Liberal—

The CHAIRMAN: I should say not!

Right Hon. Mr. GARDINER: But that does not say he is a Liberal, even.

Mr. ARGUE: But last night the statement was made, as I recall it, by Mr. Rock, that he had never been a member of the Liberal party, and he had never made a financial contribution.

The CHAIRMAN: What he said was that he had never been a contributor to any party.

Mr. ARGUE: Or to any party, that is correct.

The CHAIRMAN: And that includes the C.C.F. as well.

Mr. ARGUE: It includes the C.C.F. as well, yes.

The CHAIRMAN: Now, Mr. Argue, you raised a point of order; what is your point of order?

Mr. ARGUE: The point of order was raised by these other gentlemen as to whether or not some of these allegations—whether or not these rumors referred to in the house had been substantiated or whether adequate information had been brought to bear upon them. And I rose to say that there is other information that this committee should have. Some of it I have already related, through Mr. Quelch; and I certainly think that this is no time to discuss winding up this committee.

The CHAIRMAN: There is no question of winding up the committee. But I think that, as it was stated before earlier today, we have to be conscious of our time, whether we want to or not. If we want to bring this committee to a final conclusion, we have got to be realistic. I think it is in the interest of everybody here—everybody here—to try to arrange our time so to arrive. I now recognize Mr. Quelch, because he was mentioned.

Mr. QUELCH: In view of the fact that my name has been mentioned, I would like to make a few words of explanation. I probably know Mr. P. J. Rock better than any man here, with the exception of Philip Rock, his son. I have known him for 37 years, and I also know his brother-in-law, Mr. Arthur Grenville of Morrin, the late Arthur Grenville. These two men have brought, unquestionably, a great deal of fame to the Morrin district for the outstanding work that they have done in agriculture, and not merely in sheep. Long before they went into sheep they were prominent as seed growers, winning many of the prizes at various provincial exhibitions and they were prominent in hog raising, beef and cattle.

I have known the work that these two men have done for many years. Therefore last year when this question came up in the House of Commons, and some members seemed to think that this flock of sheep that we were talking about was just a common run-of-the-mill flock of sheep, I thought that I should say a few words regarding the work that had been done. And that is why I spoke the way I did on July 13th, referring to the fact that I thought that the compensation received by Mr. Rock was probably fair compensation.

I might say that I knew Mr. Arthur Grenville very well, and there is no man in the Province of Alberta held in higher esteem than the late Arthur Grenville. And if he evaluated the stock, and gave the valuation as mentioned by Mr. Rock, I would be satisfied that that valuation would be a fair one. Because that man's word was as good as his bond any day.

That is why I spoke as I did at the last session—to support, or at least to defend the reputation of Mr. Rock.

Now, at that time some irritation was caused to my friends to the right, and even to one or two of my own group, because they felt that by making a statement such as I did make—or, to use the expression that was used at that time, getting Mr. Gardiner off the hook—the reason I raised that was because I thought it was only fair for me to make that statement, to defend Mr. Rock.

Some jumped to the conclusion that Mr. Rock must be a good political supporter of mine. Well, let me make it quite clear that Mr. Rock has never been—and I am talking about P. J. Rock, not about Philip Rock. P. J. Rock has never been a supporter of mine. I knew Mr. P. J. Rock well in the days of the U.F.A. government, when that government was in Alberta. He was a prominent U.F.A. man. When the U.F.A. was defeated by the social credit party, Mr. Rock resented that fact very strongly. And he never did support the social credit movement.

And so when my friends to the right—and maybe one or two of my own party—were somewhat critical because I had defended Mr. Rock, and suggested that perhaps I was doing it because he was my political supporter, a political supporter of mine, I said that, on the contrary, Mr.

Rock is a damned good Liberal. And I say that for this reason—and I am talking about P. J. Rock—because so far as Philip Rock is concerned, I never felt that he had any strong political views, because he was so engrossed in his own work that he never took part in politics of any kind.

But every time I met Mr. P. J. Rock, in a friendly way, we would get into an argument about politics. Whether it was on the main street of Morrin or the main street of Drumheller or the main store, he would always jump on me right away and say, "The only trouble with you, Quelch, is that you are in the wrong party." And so I knew very well that Mr. Rock was a good liberal supporter. I do not suggest that he make contributions. But I do say that he was a good Liberal supporter. And, in fact, at the last election, four years ago, I knew he was quite active in campaigning against me, and he supported the Liberal candidate against me, and he made no bones about it, and I did not resent the fact in any shape or form, because I believe a man has a perfect right to support any party he wishes to support. But I did resent the fact that some of my friends just around felt that I was not being fair in defending Mr. Rock. I just wish to make clear that at that time the reason I had defended Mr. Rock was not because he was a political supporter of mine. So I pointed out that he was a darned good Liberal.

Right Hon. Mr. GARDINER: For what meeting of mine was he chairman?

Mr. QUELCH: That meeting was held eight years ago when Mr. Shaker, the mayor of Hanna ran as candidate, and you turned up about four hours late. I had gone home by that time. I went to the meeting, and Mr. Arthur Prouse was there, and Mr. Shaker was there, and I was sitting in the back of the hall, and P. J. Rock was acting as chairman.

Right Hon. Mr. GARDINER: Was it in Hanna?

Mr. QUELCH: No, in Morrin. You turned up about four hours late and I had gone—I had given you up for lost.

Right Hon. Mr. GARDINER: Which would indicate that I had nothing to do with the chairman.

The CHAIRMAN: Perhaps I should say this, at this stage—

Mr. McCULLOUGH (*Moose Mountain*): Are you still on the point of order?

The CHAIRMAN: We are still on the point of order, yes. I do not think that the function of the committee is to determine whether P. J. or J. P. Rock was a Liberal or not. The allegation made quite clearly by Mr. McCullough was that there was political favoritism. That is the inference of the remark. It is quite clear, because if I read Hansard, page 2923, I find Mr. McCullough saying this:

I refer, of course, to the compensation of over \$100,000 paid by the Department of Agriculture for 674 sheep slaughtered last year. To whom was the \$100,000 paid?

It was paid to Mr. P. J. Rock, a well-known breeder and one of the most prominent Liberal supporters in Alberta. The average price paid was \$150 per sheep.

And then this same tenor of argument reappears later on the next page. So that the inference there is quite obviously one of political favoritism. That is the point we have to decide, whether it was political favoritism or not, and whether Mr. P. J. Rock was a Liberal—and that would be to his credit—or not; that is another point.

Mr. BRYCE: Go easy, now.

Mr. GOODE: Now, Mr. Chairman—

Mr. HARKNESS: On this same point of order, rather than to determine whether there was political favoritism or not, is not the main thing to determine whether this was adequate and just compensation?

The CHAIRMAN: That is right.

Mr. HARKNESS: I do not think the matter of political complexion should enter into the matter at all. I think it is a matter, so far as this committee is concerned, to come to a decision on the evidence we have as to whether this was fair and adequate compensation, or whether it was too little or too much.

The CHAIRMAN: I quite agree with you. One follows the other. If it was fair compensation, then there was no political favoritism entered into the picture.

I recognize Mr. Goode.

Mr. GOODE: May I ask Mr. Rock some questions regarding this, because the hon. member from Calgary thinks these things are not tied together. They were tied together in the speech Mr. McCullough made. You have heard Mr. Quelch say that eight years ago Mr. Rock, Sr., was the chairman of a committee—and I am sure, knowing Mr. Quelch, that that is entirely correct.

Right Hon. Mr. GARDINER: Entirely correct.

Mr. GOODE: Within the last eight years, have you known of any political activities of your father? I think you should tell this committee regardless of whether I am a Liberal or not—you should tell the committee the truth: has Mr. Rock supported the Liberal party in the last six, seven or eight years?

Mr. ROCK: Sir, I will have to answer your question in this way; at the meeting Mr. Quelch referred to, I was not there. Sometimes at a meeting a chairman is elected from the floor of the meeting, and you are at that meeting, and you are elected chairman of the meeting. You do not have too much choice in the matter, except to accept. So that I personally do not know the circumstances of that meeting. I know that the statements Mr. Quelch has made about my father, and about Mr. Grenville, are absolutely correct; because when Mr. Quelch and my dad got together—it did not matter where it was—it was good for a half day of argument.

Then, about taking part in politics—well, I would have to say this, a man has a right to his convictions.

Some Hon. MEMBERS: Hear, hear.

Mr. ROCK: And he has the right to argue when he meets a neighbour. But as far as going to any rallies and speaking in favour of any candidate of any political party, to the best of my knowledge and belief, my father has not done so.

Then, so far as I am concerned, I take no part whatever, and never have taken part in politics. I reserve my right, as a Canadian, to support the man and the party that will do the most good for this country.

Mr. GOODE: I would like to make one suggestion, Mr. Chairman, that this Mr. Rock, Jr., may be quite correct. If this was a Liberal party meeting, our friend, Mr. Quelch, has told us that he was there some three or four hours before. So I would consider that it was not a Liberal party meeting, because I would not know of any Liberal meeting that Mr. Quelch would go to at this time.

Mr. QUELCH: Oh, just a minute; Morrin happened to be my home town, and I was not going to miss the opportunity of hearing what Mr. Gardiner had to say when he came to Morrin. So I turned up at that meeting in good faith, expecting Mr. Gardiner to be there. He was delayed—I think it was his plane that was delayed; but Mr. Harper Prouse was there and I listened to my political opponent, Mr. Shaker, who was running against me in the election. And after what he had to say, Harper Prouse said a few words, and then the meeting adjourned, because it had heard that Mr. Gardiner would be at least another three hours getting there. I chose to go home, and I went home.

Right Hon. Mr. GARDINER: Mr. Chairman, probably I should make a report on myself. As a matter of fact, this is another of those things that one forgets. I did not recall that meeting, and I would not remember who was chairman of the meeting because, as a matter of fact, I do not think I got to the meeting. The meeting was held in Morrin, in the afternoon, and I was speaking at Hanna at night. I did not arrive at the meeting in Morrin in the afternoon at all. I arrived there about four hours late. If the meeting was called for three, that would make it seven o'clock. As a matter of fact, I think it was called for 2.30. Most of those meetings were called for 2.30, at that time. I do not know how the chairman was chosen, or even who the chairman was, because I did not get to that meeting. I met a small group in Morrin of which Mr. Rock was one. I did speak at Hanna that night, with Mr. Quelch's opponent.

Mr. McCULLOUGH (*Moose Mountain*): Are you through with the point of order?

The CHAIRMAN: Yes.

Mr. McCULLOUGH (*Moose Mountain*): I have some questions to ask of Mr. Rock.

The CHAIRMAN: Before you start, if you do not mind, I would like to point out that you asked to have Mr. Clark here. We have had Mr. Clark in the room all day. We do not mind holding him in the room, but it would be appreciated if you could indicate when you expect to come to him.

Mr. McCULLOUGH (*Moose Mountain*): The questions I have to ask Mr. Rock may not take too long, Mr. Chairman.

The CHAIRMAN: All right.

Mr. McCULLOUGH (*Moose Mountain*): First, I should like to ask Mr. Rock; how long have you and your father been in partnership?

Mr. Rock: Sir, I will have to answer in this way: coming from farms, you know as well as I do, that boys grow up on the farm. They are part of that farm. The livestock was transferred to P. J. Rock and Son about 1940. I had money in the farm all my life. I have done everything I could on the farm all my life. I would have to explain it that way, sir.

Mr. McCULLOUGH (*Moose Mountain*): Have you had any financial interest in any other farm besides that one at Drumheller?

Mr. Rock: Sir, we have our holdings, as Mr. Quelch knows, west of the Red Deer river, with our buildings. The land location is 4-31-21 west of the 4th. We have had, for many years, a half-section east of Morrin, the north half of 8-31-20 west of the 4th. I think that is correct. Those are all the holdings that we have, sir.

Mr. McCULLOUGH (*Moose Mountain*): How many quarter sections is that?

Mr. Rock: Including deeded and leased land, it is somewhere in the neighbourhood of 3,300 acres.

Mr. McCULLOUGH (*Moose Mountain*): 3,300 acres?

Mr. Rock: Yes.

Mr. McCULLOUGH (*Moose Mountain*): And there are 640 acres to a section. That would be about—

Mr. Rock: A little better than five sections.

Mr. McCULLOUGH (*Moose Mountain*): Five sections. I wanted to say, as a member of the committee, that I appreciate you coming here. I think it is unfortunate that you, as a private citizen of Canada, had to come here to dispell some of the rumours, which I referred to in my statement in the House of Commons. We certainly appreciate the evidence which you have given before this committee. I agreed with members of the committee, that the most

important thing to settle, in this committee, are the rumours, which I referred to, and to dispell them if possible. If this committee could possibly agree that a fair compensation was paid to you, and also that the interest of the Canadian taxpayer was looked after at the same time, then I think this committee will have served its purpose.

Last evening, Mr. Rock, you, of your own volition, came to the committee with an income return for the sale of your sheep from 1948 to 1953. I think the members of the committee appreciated that. I think you will agree with me, however, that this is only income from the sales of your sheep. Sir, is it not true that it is customary for you to purchase fairly large numbers of sheep during every fiscal year?

Mr. Rock: When we were in business, yes. When we were in semi-quarantine or voluntary quarantine, and in the position of waiting for a decision as to the status of our flock, I saved my money, sir.

Mr. McCULLOUGH (*Moose Mountain*): Thank you for your answer.

Then, as I say, looking at the income return, on your sheep sales from 1942 to 1953, which you gave to the committee last night, it may look to be a very substantial figure. I think members of the committee will agree with that, but unless the expenditures you have made, for sheep, in each of those calendar years, which is your income tax year, I presume—

Mr. Rock: Yes.

Mr. McCULLOUGH (*Moose Mountain*): Your income tax year will be the calendar year, and I presume you calculated your income at the end of the year, and broke it off there?

Mr. Rock: It is a cash basis, sir.

Mr. McCULLOUGH (*Moose Mountain*): Yes. I think you will agree with me that, unfortunate as it may be—and I certainly have some reticence in digging into your personal business—if we are going to arrive at any fair conclusion as to whether you received fair compensation, and whether the Canadian taxpayer was equally looked after, you will have to bring before us all the sales, right up to the time of the destruction of your flock, and you will have to give us the record of the sheep, and the breakdown of the animals you sold, indicating whether they were sold on a purebred basis or on a commercial basis. Then we will be able to determine on what basis this should be made, taking into consideration the number of the sheep on the farm at the time of the slaughter, the number of matured animals, and the number of lambs, then taking your own figure of last night, which I think you indicated would be perhaps 10 per cent—the normal percentage—and compare it with the percentage which you sold over these years, as commercial, and as purebred, and then deduce whether or not the appraisal has been fair. Is that a fair assumption?

Mr. Rock: Sir, I will break into what you have to say in this way: when Mr. Graham came to our place to establish the value of our flock, I turned over to him the valuations of Mr. Grenville, Mr. Ewing editor of the "Sheep Breeder" from Columbia, Mo.—Mr. Warrick from Oskaloosa, Iowa, and the information from the auditors—Christian and Kergan. That information was all turned over to Mr. Graham so that he would be able to arrive at a value of the flock. I felt it was only fair to you, as members of this committee, that you should be given the same information that Mr. Graham was given. I must say that, as far as the public purse is concerned, Mr. Graham has a Scotch name, and in regard to my dealings with Mr. Graham, I believe that he lived up to that Scotch name. He was trying to trim off, as much as he could, the price I should get, and I was trying to get all the money I could, because that was our capital, it was our working capital. I think it would be fair that you should have all the information that Mr. Graham was given. If you folks decide it is necessary for me to go home and get that other information and come back, I will have to do it, but I cannot give it to you now, sir.

Mr. McCULLOUGH (*Moose Mountain*): You and Mr. Graham have both said that you think the figure has been chiselled down, or at least brought down to a figure which is fair. I want to say that I think it is a hell of a high figure for compensation.

Right Hon. Mr. GARDINER: You would not know.

Mr. Rock: Sir, I must make this statement: last February, the HarMar flock of Suffolk, at Cromwell, Indiana, had a disposal. That flock was largely of our blood lines. He disposed of the flock as a result of ill health. Our name appeared on those pedigrees, and even with the black mark against our flock, which was attributed to scrapie, that flock sold for an average figure of between \$160 and \$165 per head. He bought sheep from us that we were able to sell, not our best ones.

Coming back to what you referred to sir. What I wanted to say was the HarMar flock was disposed of at approximately a higher average price than the government of Canada paid to us, for the foundation, and seed stock, from which flocks, such as the HarMar flock were built up.

Mr. McCULLOUGH (*Moose Mountain*): I can just say this, Mr. Rock. We have tried to connect the compensation paid out of public funds to similar compensations paid to other breeders of this country. I happen to be a Hereford breeder, and I think you are a Shorthorn breeder, are you not?

Mr. Rock: Yes, sir.

Mr. McCULLOUGH (*Moose Mountain*): One of my neighbours lost his complete registered herd of Shorthorns some years ago, about 1950. They were completely destroyed by the health of animals branch, and I think his compensation was about \$100 a head.

Mr. LAFONTAINE: What was the disease?

Mr. Rock: Pardon me for interrupting, but how many years back was that? Livestock prices have changed materially from 1952 to 1957, and you must mention the year that those figures came about.

Mr. McCULLOUGH (*Moose Mountain*): I can also bring before this committee, Mr. Chairman, figures of compensation, as a result of the foot and mouth disease, for a highly pedigreed herd of cattle. He was paid on the same basis, \$100 an animal, plus the slaughter value. If it happened that they were just tankage, then, of course, there was no further compensation. Generally speaking, we have got to consider, pretty carefully the payments made. I would suggest to you that it was very fair of you to submit, of your own volition, certain income tax figures for that year. I think you have to establish how many you bought during these same periods, and what kind of animals that you both bought and sold during those periods?

Mr. Rock: Sir, I cannot give you a whole answer to your question. In other words, with cattle that you are discussing, I must ask if they had a national and an international reputation as being the best specimens of their breed; and I must ask you that question because it is only fair to those animals which have a national and an international reputation as being the best of that breed.

Mr. McCULLOUGH (*Moose Mountain*): They were cattle shown at the fairs held at Regina. They were purebred animals bringing high prices.

Mr. Rock: Our animals have won championships at Calgary and Toronto which are considered the two best sheep shows in Canada; also at the Chicago international which is recognized as being the premier livestock exhibition of North America, as well as at other state fairs. Some were shown by us and others were shown by other people; I mean animals that they bought for us.

The thing which you have to have in order to determine a valuation of purebred livestock is the number of years of constructive breeding behind those

individuals which are sold on that pedigree, and the amount of good that those animals may do when put into flocks or herds where the quality is not as good as the female or the male that is added to that herd.

Mr. GOODE: Mr. Chairman, would you permit me to ask Mr. McCullough a question? He said, when speaking to Mr. Rock, that the figure of \$150 per sheep on the average was "a hell of a high figure". Let me ask Mr. McCullough what the proper figure should have been that was paid for those sheep?

Mr. McCULLOUGH (*Moose Mountain*): That is just what I want to find out.

Mr. GOODE: Mr. Chairman, Mr. McCullough expressed the view as his personal view, and just for the record, that it was a "hell of a high figure". Those are not my words but Mr. McCullough's words. I want to know what would be the proper figure that should have been paid in Mr. McCullough's opinion.

Mr. McCULLOUGH (*Moose Mountain*): That is just what we want to find out too.

Mr. GOODE: You must have based your opinion of "a hell of high figure" on something, if you did not base it on nothing at all.

Mr. ARGUE: I think he was basing it on the price of that bull.

Mr. GOODE: Mr. McCullough has stated to the committee and to the witness that he thought this was "a hell of a high figure". He must have had something to base that opinion on as a responsible member of parliament. And I want to know what he based it on, and I want to know what experts he can bring here in order to prove his statement.

Mr. ARGUE: He has knowledge which you have not got.

Mr. McCULLOUGH (*Moose Mountain*): I based it on the market value at the time of the destruction. That would be one thing.

Mr. GOODE: That is not the evidence here.

Mr. McCULLOUGH (*Moose Mountain*): An appraisal of \$150 would be a very high figure.

Mr. GOODE: What would be the proper figure that should have been paid instead of that \$150 as an average figure? I ask the question because I do not know anything about sheep and I am just trying to find out.

Mr. ARGUE: Bring us the records and we will give you an answer.

Mr. GOODE: I am not asking you, because you would not know. It was Mr. McCullough who made the statement and I want him to prove it.

Mr. McCULLOUGH (*Moose Mountain*): In my opinion I think it is a high figure on the basis of a market which no longer existed.

Mr. GOODE: Tell me what would be a proper figure? I want to continue this. If this was a high figure—I do not know anything about sheep, and I am trying to make by personal decision in the matter—but if this was a high figure at \$150, I want Mr. McCullough to tell me what he thinks would have been a proper figure.

Mr. ARGUE: He is not telling you!

Mr. GOODE: He is not telling me because he does not know, that is why!

Mr. ARGUE: And neither do I.

The CHAIRMAN: Order, order.

Mr. McCULLOUGH (*Moose Mountain*): We were told that the compensation paid was based on the American prices.

The CHAIRMAN: No, on the market price. Let us get it straight. It was on the market price.

Mr. McCULLOUGH (*Moose Mountain*): On a market price which for this flock no longer existed!

The CHAIRMAN: Order, order. I think for the purpose of the record we must get it straight. I do not think it is a fair statement, but we will clarify it to your satisfaction and to everybody's satisfaction. I think that is what the committee is here for.

Mr. CAMERON (*Nanaimo*): On a point of order, Mr. Chairman, this morning when I objected to the way in which the minister was answering my question, you told me that I had to accept his answer even if it did not satisfy me.

The CHAIRMAN: What is your point of order?

Mr. CAMERON (*Nanaimo*): You are insisting that the answer which Mr. McCullough has given is not a valid answer.

The CHAIRMAN: No. No. My remarks have nothing to do with Mr. McCullough as such. They have to do with the interpretation he placed on the act. I think that the interpretation of the act should be made clear on the record because there seems to be a misunderstanding in the committee on that point. Quite obviously the interpretation he placed on it is not a true interpretation of the act as administered by the officials of the government. That is the point I am raising.

Mr. McCULLOUGH (*Moose Mountain*): That may be your viewpoint.

The CHAIRMAN: I am not interpreting the act. I am not applying the act. We have people here who are applying the act and they can tell us how they are applying it. It is not a matter of opinion, but it is a matter of fact.

Mr. ARGUE: The record can speak for itself. It is not necessary for the chairman to clarify it.

The CHAIRMAN: I say that apparently there is need for me to clarify it because there appears to be a misunderstanding. I wonder if Dr. Wells would explain again that the compensation is not paid on the prices on the day the cattle are slaughtered. That is not the interpretation of the act, and that is not what the act says. Perhaps Dr. Wells would read it. That is the whole point. There is a misunderstanding, quite obviously.

Mr. WELLS: The act reads as follows:

12. (1) The minister may order a compensation to be paid to the owners of animals slaughtered under the provisions of this act.

(2) The compensation ordered to be paid under this section for an animal slaughtered under the provisions of this act shall be the market value that the animal, in the opinion of the minister or some person appointed by him, would have had immediately before slaughter if it had not been subject to slaughter under the provisions of this act....

In other words, if the animals were not under a cloud of disease, that is the value that must be put on those animals.

Mr. CAMERON (*Nanaimo*): May I ask Mr. Rock two questions in order to clear this up? Mr. Rock I gather you have not brought with you any figures for your sales in the years 1954 and 1955? Is that correct?

Mr. ROCK: I am not sure!

The CHAIRMAN: Please give him a glass of water.

Mr. ROCK: Sir, you ask for figures for 1954 and 1955.

Mr. CAMERON (*Nanaimo*): Yes.

Mr. ROCK: I am not sure that I have the complete figures and the complete picture.

Mr. CAMERON (*Nanaimo*): Are you telling us that you did not bring your statement with you for those two years?

Mr. ROCK: Yes. I have a statement but I am not quite sure of the numbers.

Mr. CAMERON (*Nanaimo*): You have no idea of how many animals you sold?

Mr. ROCK: No, I could not be sure of it.

Mr. CAMERON (*Nanaimo*): I submit that until we have the figures of the number of animals sold in those years and the prices obtained for them, we have not got the relevant information required to enable us to determine whether or not the compensation paid was within the terms of this act; because the chairman has suggested that we have to take into account—and I shall take it into account—that had this flock not been subject to destruction, the market prices should be calculated on that basis. But now I suggest to you, sir, that the market value of the stock from your farm was affected not by the action of the government of Canada but was affected by the action of the American authorities and that the only way in which we can determine what was the market value of your flock prior to its destruction by the Canadian government is to know the sales and the prices that you got for the stock which you sold during those two previous years. It seems very strange to me that you should have brought your records for 1952 and 1953 but not for 1954 and 1955.

Mr. ROCK: Sir, I gave you and the members of this committee the information that I had turned over to Mr. Graham. I received word some time after 2 o'clock in the afternoon to catch a plane and to come to Ottawa that night. I have a four tier filing cabinet and a three tier filing cabinet, and I have a stack of papers which would weigh more than 40 pounds. I did not know what I was required to bring. Dr. Wells asked me to bring my sales statements and I brought the figures that I have given you. I have other figures, but I am not sure that they are correct and I do not want to give you any information that is not correct, sir.

Mr. CAMERON (*Nanaimo*): Well, Mr. Rock, when Dr. Wells asked you to bring the sales figures, did you not assume there would be at least an equal interest in your sales figures for 1954 and 1955 as there was in the sales records for 1952 and 1953?

Mr. ROCK: Sir, I brought you my income tax figures; the 1954 figures are in Drumheller and I did not have time to pick them up. The 1955 figures are also in the same place and I did not have time to pick them up. But I brought you what information I had which I thought was relevant.

When Mr. Graham was at our place, the 1954 and 1955 did not enter into the discussion. He was trying to establish what he considered to be a fair value for a foundation flock of sheep. That word "foundation" is most important because that is the very factor which produces your income and I was trying to get as much money as I could get, sir.

The CHAIRMAN: We shall now adjourn until 8.30 tonight.

EVENING SESSION

8:30 p.m.

The CHAIRMAN: The committee will come to order.

Mr. GOODE: Mr. Chairman, on April 1 on page 2923 of *Hansard* Mr. McCullough said that rumors persist that these substitutions have been made. He was referring to Mr. Rock's flock of sheep. During that same period he alleged through some rumors he had heard that substitutions had been made in the flock.

Mr. CAMERON (*Nanaimo*): He did not allege; he merely reported.

Mr. GOODE: Perhaps you were not here, but Mr. McCullough, in answer to a question of mine acknowledged responsibility for what he said in the house. This is what he said "Rumors persist that substitutions have been made." Mr. Chairman, I would like to ask Mr. McCullough whether or not he is now dropping those charges on—that one particular point?

Mr. McCULLOUGH (*Moose Mountain*): Mr. Chairman, I am very happy to answer any questions but unless the questioner wants to put the question in a form in accord with what I said I do not intend to answer his question.

Mr. GOODE: What Mr. McCullough said was this: "Rumors persist that substitutions have been made." If he wishes me to continue, "also that some of the sheep were moved from P. J. Rock's flock to a farm in Manitoba". Those are two charges.

Mr. McCULLOUGH (*Moose Mountain*): Mr. Chairman, on a point of order. I want the hon. member to indicate exactly what I said: "Rumors persist". I never used any other phrase and I never alleged or made allegations that these things were done. I said rumors persist.

Mr. HANNA: Mr. Chairman, can the hon. member give us the source of these rumors so that we can track them down to see if there is anything to them.

Mr. McCULLOUGH (*Moose Mountain*): You gentlemen go out and track them down yourselves.

Mr. HANNA: I have and I never heard them except through you.

Mr. GOODE: Mr. Chairman, may I continue? I will read what he said: "Rumors persist that substitutions have been made and also that some of the sheep were moved from P. J. Rock's flock to a farm in Manitoba. I am inclined to believe these rumors." May I ask Mr. McCullough this question? Is he still inclined to believe these rumors?

Mr. McCULLOUGH (*Moose Mountain*): I would like to ask the hon member—

Some Hon. MEMBERS: Answer.

Mr. McCULLOUGH (*Moose Mountain*): The statement I made is "I am inclined to believe these rumors." I prefer to say I feel I have the right to my inclinations as I stated in the house.

An Hon. MEMBER: Are you still inclined?

Mr. GOODE: Mr. McCullough yesterday, or the day before, when I asked him if he accepted responsibility for the statements made in the house, said he did. Mr. McCullough is in an unenviable position and I sympathize with him entirely.

Mr. McCULLOUGH (*Moose Mountain*): I do not need your sympathy.

Mr. GOODE: You have it in any event. I think he should answer the question. Is he still inclined to believe these rumors? Just answer the question yes or no.

Mr. McCULLOUGH (*Moose Mountain*): When the hon. member wants to assist this committee in producing the evidence then I will have something further to say.

Mr. GOODE: It is not my evidence.

Mr. ARGUE: There is the question of the lost briefcase.

Mr. McCULLOUGH (*Moose Mountain*): There is plenty of time—

Mr. GOODE: I have not—

The CHAIRMAN: There is a point which I think should be cleared up. I do not know if the record got it. I am not sure I got it myself.

Mr. ARGUE: I was referring to the statement made by the minister this morning to the effect that the briefcase was missing this morning and has since been found which contained in it the information I was requesting at that time, namely the record in 1954 and 1955 of the sales that had been made from this flock. The briefcase has now been found but we are unable to get the information that the Minister of Agriculture this morning told us was in the lost briefcase. I would suggest that Mr. McCullough will be in a position to

say whether or not there is any substantial evidence for the rumors still persisting if the information is produced on these sales and only if it is produced. I suggest it is up to the committee to request that this kind of information be produced. I do not care whether it takes a wire, air express or anything else. Surely the people in charge of the study which was referred to, the people in charge of the income tax statements that were filed for that flock, should be able without too much difficulty to send down all the pertinent records.

Right Hon. Mr. GARDINER: With respect to the statement about the briefcase, this morning I just turned to Mr. Rock and asked him if he had that information and he said any information he had was in his briefcase which he had not been able to find. I understand it was found later. I would judge from the answers he gave he did not have the information in detail in the form in which you wanted it.

Mr. ROCK: That is correct.

Mr. ARGUE: I would say he did not have any of the information.

Right Hon. Mr. GARDINER: I have not seen the information.

Mr. ROBICHAUD: On page 2924, the fourth paragraph, Mr. McCullough said: "I do not believe that the minister can produce the registrations for all these sheep." The minister has said the registrations are in the hands of his department. Is Mr. McCullough satisfied that the registrations were all produced?

Right Hon. Mr. GARDINER: They were all produced.

Mr. MCCULLOUGH (*Moose Mountain*): No.

Mr. ROBICHAUD: Mr. Chairman, the registrations have been produced.

The CHAIRMAN: Mr. Robichaud has the floor.

Mr. ROBICHAUD: The registrations have been produced for all the sheep except the lambs born after the order for slaughter had been given by the government. The application for those registrations has been produced and Mr. Wells has explained the reason why they did not proceed with the additional registrations was because they would have to pay a fee of 50 cents or \$1 each and there was no need to spend another \$200 or so.

Mr. MCCULLOUGH (*Moose Mountain*): Mr. Chairman, in answer to that my statement was that I do not believe the minister can produce the registrations, and it arises out of further misstatements by the Right Hon. Minister of Agriculture. The minister said, on that same page, that the sheep were all registered. We have been told they have not all been registered. He says those sheep were all registered. We do not have before this committee the registrations which the Right Hon. Mr. Minister said we have. We have only applications for registrations. I am purebred breeder myself and in this case technically the minister is wrong. He made the categorical statement that all the sheep were registered. They were not registered; they were eligible for registration. He did not tell the committee that. The minister could have said that as far as the lambs were concerned if they were not registered, they were eligible for registration. Now we have found from the Canadian National Livestock Records that they are eligible for registration, but they were not registered. Therefore the Minister of Agriculture rather than telling the truth and rather than giving information to the committee, misled the house on this occasion.

An Hon. MEMBER: No.

Mr. BENNETT: I would like to hear the member for Moose Mountain tell us if he thinks now that there is no skullduggery at all about the registration. He is basing his case on a technical point, that is that there were applications for registration instead of registration. I want him to say if there is any skullduggery as far as the registrations are concerned.

Mr. McCULLOUGH (*Moose Mountain*): Mr. Chairman, in answer to the hon. member who has just taken his seat, this afternoon we had provided evidence that the minister of agriculture on more than one occasion made misstatements in the House of Commons and in the substance of those misrepresentations certainly there would be very many substantial reasons why there would be very persistent rumors of things such as I have said. The reason I am here, Mr. Chairman, and the reason for the statement I made in the house is to clear up the persistent rumors that are abroad in the country which were first brought to the House of Commons by the hon. member for Battle River-Camrose before I even introduced the subject in the House of Commons. This afternoon this committee sat here and listened to the Minister of Agriculture try to get from under the accusation that he misled the House last year and deliberately made misstatements.

The CHAIRMAN: Order. I must ask you to refrain from imputing motive. You do not know that. You cannot know whether or not it was deliberate. It is not permissible under the rules of the house to impute motive.

Mr. BENNETT: Mr. Chairman, I think the member for Moose Mountain could help this committee. Now he is trying to find an excuse for the allegations he made. As far as the registrations are concerned, regardless of what reason he had for making the allegations in the house, could we clear up this one point. Could he tell the committee now whether or not he is satisfied, in respect of the registrations, with the applications for registration. Would he state whether or not he believes there was any skullduggery instead of trying to give reasons why he made the allegations. He has the right to say why he made these allegations, but I would like him to help this committee on this point. Is he now satisfied there is no skullduggery in connection with the registrations and applications for registrations. I do not think he wants to have us pay another \$200 to have these sheep registered.

Mr. McCULLOUGH (*Moose Mountain*): Well, as I have indicated before, if anyone wanted to clear up the statement of the registers, then it should have been up to the minister to state that it was the case. Now, I would like to ask Dr. Wells if all the registrations are on the table at this time, and how many of them there are.

Mr. WELLS: There are 654, including the registrations and certified applications for registration—applications which have been certified and signed by the Canadian National Livestock Records.

Mr. McCULLOUGH (*Moose Mountain*): How many sheep were destroyed?

Mr. WELLS: 654.

Mr. CAMERON (*Nanaimo*): It was 674 last time.

An Hon. MEMBER: No, it was not.

Mr. McCULLOUGH (*Moose Mountain*): How do you account, Dr. Wells, for the statement of the Minister of Agriculture in the house. He states that it was 674.

Mr. CAMERON (*Nanaimo*): Darned right it was.

Mr. WELLS: I think that that has been explained by the minister.

Mr. McCULLOUGH (*Moose Mountain*): You are in charge of this; you picked them, did you not? How do you explain them?

Mr. WELLS: Explain what?

Mr. McCULLOUGH (*Moose Mountain*): Where does the 674 figure come from that the minister gave to the House of Commons last year?

Mr. WELLS: It is hardly the place of a civil servant to explain the speeches of the Minister of Agriculture.

Mr. McCULLOUGH (*Moose Mountain*): I can appreciate your difficulty in doing so. But I am asking you; can you account for it yourself? Can you account for the minister's statement that there were, in fact, 674 registrations which were in the hands of the health of animals branch?

Mr. WELLS: In my position I am not expected to account for the minister's statement.

Mr. McCULLOUGH (*Moose Mountain*): So you just say that you cannot account for what he said?

Mr. WELLS: I did not say that, at all. I said in my position I am not expected to account for the minister's statements.

Mr. McCULLOUGH (*Moose Mountain*): Dr. Wells, how many registrations have you on the table with you?

Mr. WELLS: In so far as I am aware, there are 654 animals listed there.

Mr. McCULLOUGH (*Moose Mountain*): There are 654?

Mr. WELLS: Yes.

Mr. McCULLOUGH (*Moose Mountain*): All registrations or—

Mr. WELLS: Registrations and applications which I have explained for the third time, or the fourth time—they have been checked by the Canadian National Livestock Records. They bear the stamp of the Canadian National Livestock Records, and each one of them has on it "eligible for registration; certified correct"—and they are signed by Mr. B. McCord, registrar, Canadian National Livestock Records.

Now, as I explained to you yesterday, if it is the wish of the department, we can have these handed over to the Canadian National Livestock Records and, by the payment of the required money, have them—have the certificates issued.

Mr. McCULLOUGH (*Moose Mountain*): Was this ever done on a previous occasion, Dr. Wells?

Mr. WELLS: This principle?

Mr. McCULLOUGH (*Moose Mountain*): Yes.

Mr. WELLS: This principle has been accepted previously.

Mr. McCULLOUGH (*Moose Mountain*): On what occasion?

Mr. WELLS: I am sorry, I cannot give you the actual occasion.

Mr. McCULLOUGH (*Moose Mountain*): Disease?

Mr. WELLS: Other livestock.

Mr. McCULLOUGH (*Moose Mountain*): What other livestock?

Mr. WELLS: Well, cattle, I presume—swine—I cannot tell you, personally. It is not a new principle.

Mr. McCULLOUGH (*Moose Mountain*): I think that you should be able to give us the information. You said that the basis of these—that these were paid on the basis, within the act, for the actual marketing value, which are registered animals. I am asking you on what other occasion was it done, and in connection with what other settlement to farmers, and in connection with what—whether they were sheep, cattle or what they were.

Mr. WELLS: I do not know. I am just assuming that this thing has been done before. The thing is quite legitimate, so far as we are concerned. We are concerned with the proof that the animal is in fact a purebred animal, the offspring of a registered sire and dam. And this represents that proof to us.

Mr. McCULLOUGH (*Moose Mountain*): The fact that the application is acceptable to the Canadian National Livestock Records—

Mr. WELLS: And signed by them.

Mr. McCULLOUGH (*Moose Mountain*): And on behalf of the Sheep Breeders' Association, in this case, is satisfactory to you?

Mr. WELLS: Yes; now when we we know that this has been accepted by them, and we can turn this in and get the registration certificates for them.

Mr. McCULLOUGH (*Moose Mountain*): That does clear up a matter. And the statement of the minister, then, was, in effect, wrong, that there was not registrations, and that there were just applications?

Mr. WELLS: I have already commented on that.

Mr. McCULLOUGH (*Moose Mountain*): I think it would be difficult for you, in your position, to make comment.

Right Hon. Mr. GARDINER: I would like to call the attention of the hon. member to the real official document which was printed in the record on March 8, 1956. He knows, and I know—and he knows that from experience today, and in fact any time, that speeches are being made, back and forth, and questions are being asked back and forth, thrown at one another, and there have been mistakes made in actual figures. He refers again to the house, and it is in the form of question and answer at page 2012 of Hansard for March 9, 1956, Mr. Quelch asked this question:

How many sheep were in the flock in Alberta recently condemned on account of scrapie?

And the answer to that question was "649". It is not any of the figures being dealt with. That is the official figure that was put on the record—not by me, but by the officials, in making the answer. It is under my name, of course. Then, it goes on to say in the question:

What compensation is being paid the owner of the flock?

And the answer to that is, "not yet determined", and so on. The figure is 649. That was available at that time, officially, and apparently I either used 674, and my five looked like a seven to Hansard, in writing it.

Mr. ROBICHAUD: Is it not also true that on top of the 649 there were four or five sent to Lethbridge, and to the Hull laboratory?

Mr. McCULLOUGH (*Moose Mountain*): What is that?

Mr. WELLS: 654.

Mr. ROBICHAUD: The minister says 649, which was the record then, at the time, plus the five sent to Lethbridge.

Mr. WELLS: Yes, to Lethbridge.

Mr. GOODE: May I ask—

Mr. McCULLOUGH (*Moose Mountain*): What is the correct figure?

Mr. WELLS: 654.

Mr. McCULLOUGH (*Moose Mountain*): What is the figure the hon. member now mentions?

Mr. WELLS: 649.

The CHAIRMAN: Plus the five, which makes 654.

Mr. GOODE: He said that the five went to Lethbridge, and there were the 649.

The CHAIRMAN: While we are at it, could not the committee clear this one point about registration. It seems to me that this is quite a clear case. Here is a department which, instead of actually paying a fee to get the registration certificate, got the applications for registration certified and accepted and, in fact, it has exactly the same value as a certificate. I cannot see any difference whatsoever. I think I am right in saying that this type of application which has been accepted and certified is more than an ordinary application. When we say that there was simply an application, it is misleading, because there

was more than an application. The application had proceeded to the stage where it was, in fact, accepted and—well, it has the effect of a certificate.

Mr. McCULLOUGH (*Moose Mountain*): I am going to ask you, Mr. Chairman, a question.

The CHAIRMAN: Good!

Mr. McCULLOUGH (*Moose Mountain*): You said there is a difference between the ordinary application and the applications here?

The CHAIRMAN: What I mean is that there is a difference between an application which has been submitted and an application which has come back certified and approved.

Mr. McCULLOUGH (*Moose Mountain*): One is certified and the other has not been certified.

The CHAIRMAN: That is right, and the one is certified.

Mr. McCULLOUGH (*Moose Mountain*): There is a difference between a baby that has not been born and one that has been born.

The CHAIRMAN: That is just it; that is the very point.

Mr. McCULLOUGH (*Moose Mountain*): And there is a difference between a good egg and a bad egg.

The CHAIRMAN: That is right.

Mr. McCULLOUGH (*Moose Mountain*): Would you explain what is the essential difference, in effect. What makes the difference between a person who makes an application—or, I will put it this way: in the case of Mr. Rock, he was going to make an application on one day, and he sends it in, and it is certified. Subsequently, next week, there are more lambs come to his flock, and, dropped by his ewes, and he sent them in. What is the difference between the one that has been certified and the other, other than the process of going through to get certification.

The CHAIRMAN: But he does not, with regard to the other one that he sent in—he does not know, for sure, that he will get it. Something could happen in the meantime.

Mr. McCULLOUGH (*Moose Mountain*): Will you agree with me that if the integrity of the breeder who makes application for registration is the only way that there is any guarantee, in fact, that the certified application is in effect a certification of the strain of a certain animal?

The CHAIRMAN: Well, surely, but let me say this—

Mr. McCULLOUGH (*Moose Mountain*): Only the integrity of the man making the application. In other words, an individual who may not have a sheep at all, if he has a registration could make a registration and put on it, perhaps, "K-5" for his sheep, and send it in, and he might get a registration for it.

Right Hon. Mr. GARDINER: It would not get by.

Mr. McCULLOUGH (*Moose Mountain*): Why would it not?

Right Hon. Mr. GARDINER: My hon. friend says that he has a herd that he registered. Has he never had any applications returned?

Mr. McCULLOUGH (*Moose Mountain*): No.

Right Hon. Mr. GARDINER: Then I do not think he has sent in many.

Mr. McCULLOUGH (*Moose Mountain*): Yes I have.

Right Hon. Mr. GARDINER: They come back quite often.

Mr. McCULLOUGH (*Moose Mountain*): I never have had one returned.

Right Hon. Mr. GARDINER: I register a lot myself.

Mr. McCULLOUGH (*Moose Mountain*): Why would there be returns of registrations without—

Right Hon. Mr. GARDINER: There can be returns because of mistakes made in them. And there are sometimes mistakes made. We are not all as sure that we are always going to be right as my hon. friend.

The CHAIRMAN: Mr. McCullough, I would like to pursue this one step further. Admitting that a certificate of application is based purely on the—how did you put it?—"integrity" of the raiser, is it not a fact that the certificate that will be issued as a result of the application will also just as well be based exactly on the same premise?

Mr. McCULLOUGH (*Moose Mountain*): Yes.

The CHAIRMAN: So, now, if you have an applicaion which is registered and approved, what in your experience as a breeder—what is the actual difference between the certificate and the approved application?

Mr. McCULLOUGH (*Moose Mountain*): I am quite prepared to accept the fact that the health of animals branch on behalf of the Sheep Breeders' Association says that these animals, these applications, are, in fact, registrations, and in fact certification of eligibility for registration. But that does not let the minister out of the fact that he said that he had the registrations. So I am quite agreed on that basis to accept it. But certainly we were misled in the committee when the minister said that he had registrations.

Mr. BENNETT: That is what we wanted, exactly that. You are giving the reason why you made the allegation. You say that you accept these certificates which say, "eligible for registration", and you say that one out of three or four applications you have made have no foundation, in the truth.

Mr. McCULLOUGH (*Moose Mountain*): No, no; I say that it has been cleared up and the statement that the minister made in the House of Commons—we now have cleared it up and in fact that he did mislead the committee when he said that they were registered.

Mr. BENNETT: You are giving reasons for your allegations. But you are admitting that there was no skullduggery so far as registrations were concerned? Let us be fair about it.

The CHAIRMAN: Yes, let us be fair about it.

Mr. McCULLOUGH (*Moose Mountain*): Where is the skullduggery, so far as registrations are concerned?

Mr. MANG: I would like to ask Dr. Wells this question: Is this regular or irregular procedure in handling cases of this kind?

Mr. WELLS: I cannot give you an instance, particularly, where this particular procedure has been in fact followed before. But I can tell you that we checked with the Canadian National Livestock Records and explained our difficulty and our problem to them, and they said that these were in fact acceptable for registration, and all we have to do is to pay a dollar and they will issue certificates. This, in fact, proves to us that these animals are, as I have said, the offspring of a registered sire and dam and are eligible for purebred registration, and therefore for purebred compensation.

Mr. MANG: Thank you, Dr. Wells; I think that is satisfactory to Mr. McCullough and certainly it is satisfactory to the committee.

Mr. BENNETT: Mr. Chairman, I would like to say one word. Mr. McCullough said:

The minister has said the registrations are in the hands of his department. I challenge him to produce them.

Certainly the inference is that there is skullduggery, because he goes on to say:

Even if he does the air will not be cleared of the suggestion of skullduggery.

The only thing I can suggest is that this one point has been cleared up; let us get on with the other evidence and let us continue to question the witnesses.

Mr. McCULLOUGH (*Moose Mountain*): That is what I would like to do.

The CHAIRMAN: Mr. Cameron?

Mr. CAMERON (*Nanaimo*): Mr. Rock, may I ask you a question. I believe that you—and I am speaking of the time when you were in business, while your flock was still in operation—in addition to your business as a sheep breeder you have been also buying stock for sale for customers in the United States, is that correct?

Mr. Rock: Yes.

Mr. CAMERON (*Nanaimo*): Have you any idea how large a proportion of your income from sheep sales would come from those transactions.

Mr. Rock: No, not without going home and checking my records. I would have to give you a guess, and you are not asking me for a guess. You want information.

Mr. CAMERON (*Nanaimo*): Now, then, I think you told us that your statements for 1954 were in the hands of your auditor in Drumheller, is that correct?

Mr. Rock: Some of those statements are. That is the statement required for income tax purposes.

Mr. CAMERON (*Nanaimo*): That is what I am getting at.

Mr. Rock: I want that clearly understood, because that is a different matter than in regard to all the records we have on a farm, as you well know yourself.

Mr. CAMERON (*Nanaimo*): Yes, it is a statement with regard to income tax. Mr. Rock, are you familiar with the method by which auditors draw up such statements?

Mr. Rock: No, sir, for the simple reason that my business is raising sheep. I attempted, for a number of years to make out our income tax forms, and I was not able, without continual letters back and forth, to satisfy those gentlemen, that my statement was correct. When I put my revenue and expenditure problems in the hands of a chartered accountant, whose business it is to prepare this statement. I did not have any trouble.

Mr. CAMERON (*Nanaimo*): When your auditor, each year, is preparing to make up your income tax statement, he comes to you for relative information, and he drafts, what auditors, I believe, term as, their working papers. Is that correct? They get all the relevant information with respect to your business?

Mr. Rock: Sir, I do not know the procedure of an auditor. That is not my business.

Mr. CAMERON (*Nanaimo*): I am not asking you that. I am asking you now, do you give to your auditor all the relevant information with regard to your business, so that he may draw up your income tax return?

Mr. Rock: Sir, I give to my auditor a statement of the revenue and a statement of our expenses.

Mr. CAMERON (*Nanaimo*): If he is your auditor, Mr. Rock, surely you give him something more than that. Surely you give him statements of your transactions in the business, both in regard to the sales of your purebred stock and with regard to your purchases of stock for resale. Otherwise, how could he draw it up? The point I am getting at is this, Mr. Rock; while you yourself, if you wanted to dig the information out of your files at home, might have to go back there and do it yourself, I am suggesting to you that a telegram sent tonight, to your auditor, instructing him to forward his statements, that he drew up on your behalf for the years 1954-1955, plus his working papers, that would give us the information we require.

Mr. ROCK: Mr. Chairman, do I have to bring to this house, my income tax reports?

Some Hon. MEMBERS: No, no, never.

The CHAIRMAN: No.

Right Hon. Mr. GARDINER: You cannot even get that information on the floor of the house.

Mr. CAMERON (*Nanaimo*): Mr. Chairman, I want to point out to you that we are engaged in an examination of an expenditure of \$100,000 of public funds, which has been paid to Mr. Rock. We are surely entitled to full information.

The CHAIRMAN: Correct.

Mr. CAMERON (*Nanaimo*): With regard to Mr. Rock's business operations.

The CHAIRMAN: The point of this matter is, as I suggested earlier today; we are dealing with a very delicate matter when we inquire into the personal business of a man, and ask for a detailed statement of his operations, and bring that information publicly to a committee. It is very delicate. The first thing we must ascertain is this; is this information vitally relative to the subject before us.

Mr. CAMERON (*Nanaimo*): I submit that it is.

The CHAIRMAN: I cannot see how such information would be conclusive in any way. It would only prove that he made so much money on a different set of animals altogether. We would have to compare the value of those animals, with the value of animals that were sold now. The question before the committee has regard to the valuation of the flock that was destroyed and not a valuation of animals over the last two years.

Mr. CAMERON (*Nanaimo*): Mr. Chairman, I would point out, that we have already had a witness, who told us he valued the stock of the Rock farm on the basis of the sales that were made from that flock.

Mr. BENNETT: On a point of order. Mr. Graham clearly said that he valued the stock under, the act, on the basis of the actual value of the stock, prior to the time when the disease came into the stock, as if the disease had never been there. He said that very, very clearly. The authority for that is section 12 of the act.

Mr. CAMERON (*Nanaimo*): He stated this afternoon, Mr. Chairman, that he felt he was unable to refrain from considering the sales that had been made in the high price market in the United States. Therefore, we can only assume that that was, at least one of the basis upon which he made his valuation. Therefore, I submit, that the sales which have been made in 1954-1955 are also relevant to this question of the valuation of this stock. I am asking you, Mr. Chairman, to instruct the witness—I take his point quite well, that he is not obliged, and in fact we cannot press for it, although I do not know what the powers of a parliamentary committee are in regard to income tax returns and I am not suggesting we do need returns—that we need the working papers that his auditors used in the drafting of that statement. The point, Mr. Chairman, that we cannot delve into the personal private business, might have some validity, although very little. It does concern, however, an expenditure of \$100,000 of public funds. It might have some validity if Mr. Rock were still in business, but he is not. This business is finished. When he starts up again, it will be a new business.

The CHAIRMAN: That is not the point, Mr. Rock not being in the business at the moment. I am quite sure he intends to get back into business. As a matter of fact he has already started.

Mr. BENNETT: Mr. Chairman, before you decide upon the point of order, I submit that the sales made by Mr. Rock, whether to the butcher or to anyone, during the period when he was not quarantined, is not relative. The only issue, as far as valuation is concerned, is what stock did Mr. Rock own at the time of slaughter. That is what we have to determine. He has said in his evidence that he had sold the inferior animals, namely, to either butchers, or other places. He said this afternoon that a good animal in Texas was a poor animal in Canada. Surely that is not relevant. The thing we have to decide is: he had so many animals at the time of slaughter and under the act, he has to be paid the market value of those animals. Our minds must be focused on that point; are we giving him adequate consideration in respect of those animals, and whether he sold an inferior sheep for \$20 is not relevant. I submit, Mr. Chairman, that that evidence is not necessary in order for us to come to a conclusion, as to whether this man has been fairly dealt with.

Mr. CAMERON (*Nanaimo*): I must say, Mr. Chairman, that Mr. Bennett has made a most ridiculous conclusion here. You cannot possibly establish the value of an article unless it is based on the formula, that Mr. Graham agreed this morning, was the proper definition of the value of a farm animal—the price that can be got for that animal itself, or the price that can be got for its offspring. How can you determine whether the remaining sheep, in Mr. Rock's flock, had been undervalued or overvalued, unless we have the information as to how those sheep sold on the market? There is no possible way of doing it otherwise.

The CHAIRMAN: The point is, the flock came under suspicion in 1954, and any other value would not be a true value anyway, if you were to go by the actual sale at that time. I do not see that this information—

Mr. CAMERON (*Nanaimo*): I am coming to that particular question, Mr. Chairman, in my other questions to Mr. Rock. I do submit to you, sir, that it is necessary for this committee to have this information, which Mr. Rock unfortunately left behind, although he brought his records for two years previous. We must have that information before we can make any estimate whatsoever as to the validity of this valuation. Now, if I may proceed with my questions—

The CHAIRMAN: No, wait a minute. There is a point of order there.

Mr. CAMERON (*Nanaimo*): All right.

The CHAIRMAN: I am sorry, but I cannot agree with that view. I do not see that this information, that you request—that is, a detailed information of the personal business transactions of this man—would really add anything to the picture that we have before us.

Mr. McCULLOUGH (*Moose Mountain*): On a point of order, Mr. Chairman.

The CHAIRMAN: I do not think that we should put Mr. Rock in that position, when the benefit, from the information that would be produced, would not be sufficient to warrant that. I do not think it is relevant, to that degree. I cannot agree that we must ask Mr. Rock to submit that information.

Mr. McCULLOUGH (*Moose Mountain*): Mr. Chairman, on the point of order. As one member of the committee, I think I must insist on having this information. Some of us, I feel—

The CHAIRMAN: I am sorry, order.

Mr. McCULLOUGH (*Moose Mountain*): It is on the point of order.

The CHAIRMAN: I have considered the point of order, I am sorry.

Mr. McCULLOUGH (*Moose Mountain*): I have not spoken to the point of order.

Some of us may be reticent, as you have indicated, about going into his personal accounts but, of his own volition, Mr. Rock, last evening, put on the record his income for 1948, as \$42,000, 1949 as \$34,082, 1951, \$45,900, 1952, \$17,300 and in 1953, \$45,600. He did this of his own volition. I suggest that, in order to get a balanced picture of the market value of these animals, we must, sir, have the sales for the years 1954-55. We must get the number of animals sold, the classification of the animals, as to purebred and grade, for all those years. We should also have statements showing the amount of money paid out by Mr. Rock for the purchase of sheep, either as foundation stock coming into his flock, or for commercial. Is it true, Mr. Rock, you do purchase and sell quite a number of commercial animals?

Mr. ROCK: Sir—

Mr. McCULLOUGH (*Moose Mountain*): Will you answer my question?

The CHAIRMAN: That is what he is going to do.

An Hon. MEMBER: Let him answer. Sit down, sit down.

Mr. ROCK: Would you define what you mean by "commercial animals"? Are you speaking now of animals raised for meat purposes, or animals that are registered?

Mr. CAMERON (*Nanaimo*): Animals for meat purposes, without registration, and where you sold them without registration.

Mr. ROCK: Yes. Before I can answer your question, I must say that I am not sure what you are asking, when you refer to "commercial animals".

Mr. CAMERON (*Nanaimo*): I will clarify it for you. I understand, that on occasion you will sell sheep which are registered, and you will sell them as a pen of rams, for example, and the prospective purchaser will not care whether he has the registration or not, so you will take the ear-tags out of these animals and sell them as a sire for a flock, which are not registered is that true? That is one type. Another type will be, where you will send them straight to the abattoir, or to the butcher market for meat.

Mr. ROCK: Sir, I will have to answer that in this way: in your range flocks in Canada and in the United States, there are several hundred and they usually run as a unit of 1,000 ewes. Those ewes, generally speaking, are white-faced. They are of Rambouillet breed, Columbia breed, and Corriedale. They use black-faced rams to cross with those ewes, in order to produce a heavier market lamb. The terminology that is used among sheep breeders in respect of rams purchased by these ranchers is, range lambs, because these sires are purchased to produce commercial lambs. The sire may, or may not be eligible for registration. The dam definitely is not. As a result, the offspring is a cross breed.

Mr. CAMERON (*Nanaimo*): May I continue with my questioning, Mr. Chairman?

Some Hon. MEMBER: Oh, no.

Mr. CAMERON (*Nanaimo*): May I continue with my questioning, Mr. Chairman?

The CHAIRMAN: No. There is a point of order, and we have got to settle that once and for all.

Right Hon. Mr. GARDINER: Mr. Chairman, on the point of order. I would just like to point out that we are dealing with 654 sheep and no others. The 654 sheep were slaughtered by the government of Canada and it paid \$100,050. It is contended that that was too much. It is also contended that there were substitutions in that number, not in any number that was sold before that, or anything that had anything to do with anything that happened before that. There were 654 sheep there when the case was diagnosed as scrapie, and it is

only those sheep that we are dealing with. It is only those sheep that were paid for and were slaughtered. The suggestion was made, right from the beginning, on the 13th of July last, that some of those sheep were substituted. It is on that question that the registrations and applications for registrations arose. It was suggested the other day, that the government could not produce registrations which would show that the whole 654 animals were actually slaughtered and put in holes, and that they were animals on which registration tags had been placed. The registration tags are all here in that box, or at least the registrations or the certified applications for registrations are all here. They have all been presented, indicating that everyone of those animals had a tag on it, and that the tag was taken off.

Mr. CAMERON (*Nanaimo*): Mr. Chairman, what has this to do with the point of order? I submit that it has nothing to do with it whatsoever!

Right Hon. Mr. GARDINER: It indicates that none of the animals you are talking about have anything to do with this at all. These are the animals as to which we have got to determine if there was substitution. This proves that there was no substitution. Therefore the claim ought to be withdrawn without any further discussion at all, and it should not require our going into a lot of other sheep and the bringing in of sales in order to prove the point.

This whole paragraph has nothing to do with anything else but these 654 sheep. I have admitted several times that there was a mistake made in the number. The figure used here is 674 but the actual figure that has been established is 654, and that is what was being dealt with all the way through the picture.

It says here that "rumours persisted that substitutions had been made and also that some sheep were moved from P. J. Rock's flock to a farm in Manitoba". If it was some of the 654 sheep that were moved, then my friend would be quite right in asking for further information in regard to the sales of them and everything else. But if it was not those sheep, then it does not apply in connection with this matter.

Mr. McCullough stated:

"I am inclined to believe those rumours". In going through *Hansard* of last year I find that on July 13, 1956, on page 5960, the Minister of Agriculture was asked a question and gave the following answer:

Mr. Rock in 1955-56 had 674 sheep slaughtered and they were all registered.

That should have read "654 sheep slaughtered and they were all registered".

My friends are playing on the term registered, and the fact that the applications had not gone right through, and that you had a pedigree for them. They were all registered in the sense that there was a pedigree for all the older sheep. As for the lambs, they were tagged and the applications had been made and accepted. All that was necessary to do in order to get a pedigree was to pay \$1. The total cost would have been \$100 odd.

Mr. CAMERON (*Nanaimo*): Mr. Chairman, this is quite irrelevant to the point of order. It has nothing to do with it. You are allowing the minister to take up the time of the committee with something that is completely irrelevant. You should be calling the minister to order. Why do you not do your job, Mr. Chairman?

Right Hon. Mr. GARDINER: There is no question about their being slaughtered or of there being substitutions. That was my statement last July. The compensation paid was \$100,050. That was the statement that was made and there is no misrepresentation.

If someone wants to say "well, the term 'registered' meant that you had a pedigree which you could put on the table", no one going through a business of that kind is going to have pedigrees at that time. He would merely make

an application and if the application is admitted, he may get it, or he may transfer the animals somewhere else. None of them were transferred. They were all there. They were all put in a hole in the ground.

I submit there is no relevancy whatsoever to going back and talking about animals which were sold the year before or at any other time. That would have no relevancy to it. There may be something else which somebody may want to produce which has not been produced; but so far there is nothing to it.

I just want to say in conclusion that there is no way in which anything else can be shown in regard to it. If there was no substitution of animals for those which should have been there, and if those tags and everything else has been produced in evidence, then we ought to get on with the job of determining the thing. I had finally to put my signature to it. My hon. friends have that document with my signature on it. After having all the information produced by Mr. Graham and the others which has been referred to here, I had to say that this was a proper compensation for these animals and I signed it.

Now I did not sign anything with regard to animals that had been sold before, or animals that were going to be sold afterwards. I simply signed a statement in regard to these animals. What was the main consideration? The main consideration was for what is in this act to start with; and then beyond that was a fact with regard to this flock itself; and the fact was that these were sheep which Mr. Rock would not sell at any price. That is why he had them. Any breeder who breeds livestock to sell for breeding purposes does not sell the best stock he has. He would not have achieved the reputation of being the best breeder on this continent for this type of sheep if he had not been selling his scrubs to the butcher and selling his high class sheep to breeders. After selling those he had 654 of the best sheep that could be found anywhere in America of this particular breed. This is with regard to the point of order that we are talking about. In making a decision as to what the value really is, that is the one matter that is taken into consideration. As to the sheep you sell on the market for slaughter, and the sheep that you pass on to somebody else—who does not care what the blood line is. They do not come into this picture at all.

It was only the 654 of the best sheep that were on this continent that were the basis of the valuation. And this other material that is asked for—it should not be allowed to come into the calculation in any way whatsoever. It should never have been allowed to come into these discussions.

Mr. CAMERON (*Nanaimo*): We have already had evidence from Mr. Gardiner's own officials that they reached this valuation out of consideration of sales from this flock. Nothing could be more nonsensical than for the minister to suggest that he pulled this figure out of the air.

The CHAIRMAN: Order. There is a point of order. The appraiser used previous sales, but he did not use sales of 1954 and 1955 because of the obvious reason that the flock was already under suspicion of disease as of March 1954. So any figures produced during those two years are not, in my opinion, relevant to the actual valuation, and I so rule.

Mr. CAMERON (*Nanaimo*): Why are they not relevant?

The CHAIRMAN: I am sorry. That is my ruling. Now, Mr. Cardiff.

Mr. CAMERON (*Nanaimo*): If you want to cover it all up, that is the way to do it!

Mr. CARDIFF: I am not very much interested in what they paid for the sheep. Apparently what was paid for the sheep was not satisfactory to the man who owned them. He thought he should have had \$50,000 more. That is quite natural. I am not particularly interested in the amount of money.

However you have produced tags for those sheep. As far as I can figure it out, that is where all this squabble started in the first place. It was because someone thought there was something slipped over. If you have the tags for those sheep, why don't you let Mr. McCullough count them and put somebody there to watch the process. If you have 654 tags there, what are you talking about?

The CHAIRMAN: I was under the impression that we had cleared the air as far as registration was concerned. Am I not right? Can we all agree at least on that point, that the registration end of it has been cleared? Is that agreed?

Agreed.

Mr. CAMERON (*Nanaimo*): Before the next member speaks, do I understand that you rule that we cannot have the information about the sales from Mr. Rock's flock in 1954 and 1955?

The CHAIRMAN: I am not ruling that you cannot have it. I ruled that I did not think I was justified in directing Mr. Rock to produce it, because I did not think it was relevant.

Mr. CAMERON (*Nanaimo*): That is the same thing!

The CHAIRMAN: That is your deduction, not mine.

Are there any other questions?

Mr. ARGUE: Mr. Chairman, I would like to ask Mr. Graham, what, in his opinion, was the value of this flock immediately before the slaughter?

Mr. GRAHAM: I gave my valuation, sir, when I appraised them on February 1st.

Mr. ARGUE: You considered that that was their value immediately before slaughter even though there was no market immediately before slaughter?

Mr. GRAHAM: I explained how I based my decision.

The CHAIRMAN: Order!

Mr. GRAHAM: The valuations were based as though the disease had not been present in the flock and as though the United States had been Mr. Rock's main market.

Mr. CAMERON (*Nanaimo*): It was on those prices that you based your valuation?

Mr. GRAHAM: Yes.

Mr. CAMERON (*Nanaimo*): You said you did not do it just now.

Mr. ARGUE: Did you go over the record of prices received for any sheep sold during the period following March 26, 1954?

Mr. GRAHAM: Yes. The Rock sheep sold at the Royal Sale in 1955.

Mr. ARGUE: Then, with that information I would like to move that the record of sales from P. J. Rock's flock between the date of January 1, 1954 and February 1, 1956 be brought before this committee for examination.

The CHAIRMAN: What is that again, please?

Mr. ARGUE: I move that the record of sales from P. J. Rock's flock between the date of January 1, 1954 and February 1, 1956 be brought before this committee for examination.

The CHAIRMAN: Well, is that not exactly the same point I ruled on a moment ago? Surely it is!

Mr. ARGUE: You said you were not ruling that he had to bring them here.

Mr. CAMERON (*Nanaimo*): You ruled that you were not going to instruct him to bring them here.

Mr. ARGUE: I submit that the committee is master of its own destiny and that it can consider, approve, or reject the motion that I have presented.

The CHAIRMAN: Have you a copy of your motion for the record? You have moved that the record of sales from P. J. Rock's flock between the date of January 1, 1954 and February 1, 1956 be brought before this committee for examination.

Mr. ARGUE: I would like to speak to the motion.

The CHAIRMAN: This is not what the chairman just ruled on.

Mr. ARGUE: No. He accepts the motion as being a motion valid for discussion and a vote. I am moving this motion because of the very specific words contained in paragraph 2 of section 12 of the Animal Contagious Diseases Act. That paragraph reads as follows:

(2) The compensation ordered to be paid under this section for an animal slaughtered under the provisions of this act shall be the market value that the animal, in the opinion of the minister or some person appointed by him, would have had immediately before slaughter if it had not been subject to slaughter under the provisions of this act, except that the compensation shall not exceed

I think those words are very clear. They show that it is the value immediately before slaughter, and I take it to mean that there certainly should have been consideration given to the value of this flock, the sales that were made, and the prices that were received for the sales that were made in the period immediately before slaughter which would certainly include the period going back to March 26, 1954, but the interpretation that has been placed on the act is an extremely amazing one I suggest. The interpretation that has been made of the act is that immediately before slaughter is a period two years before the slaughter actually took place. I think that is a misinterpretation, a mangling of the provisions set forth in this act by parliament. It is not just that the act itself has not been followed up, but it is because the act has not been followed up that the public of this country, in our opinion based on evidence so far produced, and the lack of evidence, has very likely paid an excessive sum.

The CHAIRMAN: I do not want to interrupt, but there is a motion, your own motion.

Mr. ARGUE: I am entitled—

The CHAIRMAN: I know you are entitled to speak but you are not entitled to speak beyond your own motion. There is a motion before the chair.

Mr. ARGUE: I am giving the reasons why this whole committee would be made a complete farce if these records are not produced and because of the way some of the members are acting.

An Hon. MEMBER: You sure are.

Mr. ARGUE: An appropriation was asked for without adequate evidence being presented to the committee that such an appropriation was justified.

Mr. FORGIE: You are just a scandalmonger when you say that. He has no right.

Mr. ARGUE: The \$100,000 appropriated by parliament. It has already been demonstrated by the number of sheep sold in the years previous to the suspicion of the disease that even in the best years, in the years of the highest prices of livestock in this country, that the returns from sheep on the sales from the Rock farm were a great deal lower than the compensation that has been paid.

The CHAIRMAN: With all due respect, the motion deals specifically with the period from January 1, 1954, to February 1, 1956. Do not go all over the ten year period. Stick to your motion.

Mr. ARGUE: I think, Mr. Chairman, I am entitled to my right to discuss why, without this evidence being produced, and on the basis of the evidence so far produced, that we are being asked to approve something that was an excessive charge on the basis of the evidence. I suggest if there is anything to hide, then the record should be produced. I can see no reason why there should be such reluctance to produce these records. We are not asking for this man's income tax. We do not want his income tax, at all. We merely want to know the value of the sheep that have been sold within the period to which, I suggest, the provisions of the act apply, namely the period immediately before the slaughter. And unless the members of this committee agree that this kind of information should be brought, then this committee has been called for not other reason than to attempt to get the minister and the government off the hook created by them in paying excess payments, making excess payments on the basis of the value of the flock immediately before the slaughter.

I have used some very strong language. I had hoped and I had waited, patiently, listening, that the chairman would rule that this kind of information perhaps should be made available. It might even go farther and ask if this information would not be brought here. I do not think that parliament and this committee should become a farce even at this late date, probably in this session, because we are not unwilling that these records should be brought here, and I would hope that this motion would pass.

Mr. BENNETT: Mr. Chairman, I am not going to use any strong language. I think the thing we have to decide is whether these records will do us any good or not. Mr. Rock has already said that he has sold certain animals, the ones that he did not need in his flock. And the fallacy in the argument of Mr. Argue, and in that of Mr. Cameron, if I may say so—and I am not going to say to you, Mr. Cameron, that your argument is ridiculous; I think adjectives like that speak for themselves. They weaken a person's case.

I do think that such evidence—if we had evidence here that Mr. Rock sold animals at \$50 and \$80 and \$100 it would not help us in the slightest degree, to the slightest extent, because we are dealing with foundation stock. We have evidence of that. We have evidence from Mr. Graham, a respected and experienced man in the Department of Agriculture. He has been in the sheep business for 30 years, and he has gone out there and done his best, and has valued the stock. He had one or two or four men with him, and he has produced the valuation. Now Mr. Rock says that that valuation was not high enough, that he placed the stock at \$150,000 or \$160,000. There were two Americans who said the stock was worth more than \$100,000, and one Canadian. Surely if allegations are to be made in this committee, and if they are going to be proven, I would challenge the opposition to present a witness, an independent witness in the sheep business who will get up on the stand and say that he knows the Rock flock, and that it was not worth \$100,000.

Mr. Quelch has stated in the House of Commons that he is a neighbour of Mr. Rock, and he was—and he was talking from his knowledge, and the knowledge that prevailed in the district—and stated that it was generally conceded that this flock was worth \$100,000. Now, what good would it do us to have the sales records which showed that he sold some inferior animals to a butcher shop and to the Americans? Mr. Rock would just get up and say—and Mr. Graham—that those animals were not of the quality that were left. I submit that that evidence is not relevant, and that is why I am going to vote against the motion.

I would like to say that the C.C.F.'ers are placing a very narrow construction on section 12 of the act. They are trying to place emphasis on the phrase immediately before the word "slaughter", which is not the intent of

the act, at all. Because if you carry that to its finality, this flock had no market in Canada. Mr. Cameron argued this morning that the American market was gone. When the stock is diseased in Canada it would have no market in Canada, either. And any time a flock is slaughtered, immediately before the slaughter it would have no value.

Surely the intent of the act was to compensate the owner for the flock, as if the disease had not gone into the flock, the actual market value. I suggest to you that this motion should be voted down, and I am going to vote against it.

Mr. SHAW: Mr. Chairman, last night Mr. Rock, of his own free will, without pressure of any kind—in fact, he seemed to secure some pleasure, even, out of having placed before this committee his total revenue from the sale of sheep—the gross revenue for the years 1948, 1949, 1950, 1951, 1952, and 1953. Those figures were discussed for a considerable period of time last night. I heard no one get up and say “stop this; it is irrelevant, and of no value to us”.

I have not heard Mr. Rock himself, offer any objection to providing us with similar information for the years 1954 and 1955. Personally, I do not care particularly whether those figures were produced at all or not. I do get suspicious when I listen to those people, who are quite against the presentation of similar information for 1954 and 1955. In fact, I just cannot understand it. Why was the same argument not used in those previous years? May I ask Mr. Rock, have you any objection to presenting figures for the years 1954 and 1955, similar to those which you apparently offered last night, for years 1948 to 1952?

Mr. ROCK: Sir, in answer to your question—

Mr. GOODE: I am going to rise on a point of order, Mr. Chairman. I do not think Mr. Rock should be included in this conversation, much as I would like to hear his answer, because we are now speaking to a motion. I have never heard of an occasion when a witness could speak to a motion in a committee.

The CHAIRMAN: Mr. Shaw, if you will allow me a moment. I must say, your question is not the question that is before the Chair now. It is an entirely different proposition. This motion is in respect to the record of sales for 1954-1955.

Mr. SHAW: Mr. Chairman, was this record of sales not given by Mr. Rock last night?

The CHAIRMAN: No. It was simply his income tax figures that were given last night.

Mr. ROBICHAUD: Is it not true that, as from 1954, the flock was under suspicion and it had lost its natural value?

The CHAIRMAN: That is right.

Is the committee ready for the question?

Mr. GOODE: No, Mr. Chairman. I would like to say something at this point. I want to put on the record again, the question I asked Mr. McCullough this afternoon. In view of the fact that the charges were made by Mr. McCullough, and he has agreed with me that—

Mr. McCULLOUGH (Moose Mountain): Mr. Chairman—

Mr. CAMERON (Nanaimo): This has nothing to do with this motion.

The CHAIRMAN: Order. I was just waiting to see how Mr. Goode would relate his remarks to that motion.

Mr. GOODE: He has taken the responsibility for the charges, and I asked him in the committee, and this is just following along with Mr. Argue's remarks, if \$100,000 was too much for these sheep, would the CCF party place a fair market value on them.

Mr. ARGUE: Give us the records.

Mr. GOODE: That is what was said this afternoon, and you know it.

Mr. McCULLOUGH (*Moose Mountain*): Give us the records.

Mr. GOODE: I would like to suggest to Mr. Shaw, that Mr. Shaw, on the same day as Mr. McCullough spoke, said that \$50 a head—

Mr. McCULLOUGH (*Moose Mountain*): Let us have the records.

Mr. GOODE: Just hold your horses. Mr. Shaw said that \$50 a head was a very high price for these sheep. You said that on page 2924 of *Hansard*.

Mr. SHAW: May I just point out to you, Mr. Goode, that is not what I said.

Mr. GOODE: That is what it says here.

Mr. SHAW: Could I tell you what I said? I had not seen that in *Hansard* until noon today. What I said was, and *Hansard* reports me as having said it, that \$50 a head was a very high price for those sheep. You realize, that there was a noise in the House of Commons, but I did interject and say that \$50 would be a very fair price for those sheep. That is the opinion I held at the time.

The CHAIRMAN: Is the committee ready for the question?

Mr. GOODE: I did want to answer Mr. Shaw. That is what it says here.

Mr. SHAW: I know, but I did not see it until this noon.

Mr. ARGUE: Mr. Chairman—

Some Hon. MEMBERS: Question, question.

Mr. ARGUE: Before the question is put, Mr. Chairman, I want to make a request for a recorded vote by names.

The CHAIRMAN: You want a recorded vote by names.

Mr. BRYCE: I would suggest that you get a seconder to the motion before you put the question.

The CHAIRMAN: That is not necessary in committees. I can easily get a seconder, no doubt, if you prefer.

Mr. ARGUE: Yes, Mr. Shaw.

The CHAIRMAN: Mr. Cardiff.

Mr. CARDIFF: I cannot see what benefit that evidence, or what benefit those papers will be to us if you are not going to count those tags in there. If you are going to take it for granted, that there are 654 tags in there, and you will not even count them, what good is the other information?

The CHAIRMAN: The committee would like the question put, so let us put it to a vote.

Mr. KICKHAM: Mr. Chairman, we do not want to vote, because the material that Mr. Argue is asking for is irrelevant. This committee is being asked to vote on something that has no relevancy to anything in the world. There is a political purpose, yes. The sheep were valued because of the fact that the health of animals division found they were diseased. This committee is now being asked to vote on something that is pure wash.

Some Hon. MEMBERS: Oh, oh.

The CHAIRMAN: Order.

Mr. CARDIFF: I will move an amendment to the motion before the motion is made. The motion is out of order.

The CHAIRMAN: Order, order.

Mr. SMITH (*Battle River-Camrose*): I would just like to ask a question for clarification only, on the vote, Mr. Chairman.

The CHAIRMAN: Yes.

Mr. SMITH (*Battle River-Camrose*): I am asking this: are we not seeking, through Mr. Rock, the identical information he gave last night?

The CHAIRMAN: No, no. You did not get that information.

Mr. SMITH (*Battle River-Camrose*): What is the difference?

Mr. ROBICHAUD: Because the flock was under suspicion in 1954.

Mr. SMITH (*Battle River-Camrose*): Are we not asking Mr. Rock to give us the total income from his sheep for the years 1954 and 1955, and the number of sheep sold in each of those years? That is all.

The CHAIRMAN: Those in favour of the motion will say yea; those opposed will say nay as their name is being called.

Order.

(At this point a recorded vote was taken.)

THE CLERK OF THE COMMITTEE: The yeas number 8; the nays number 23.

The CHAIRMAN: I declare the motion lost. Now, does the committee wish to adjourn until tomorrow morning?

Mr. McCULLOUGH (*Moose Mountain*): What time tomorrow morning?

The CHAIRMAN: 11.30 tomorrow morning after the orders of the day, of course.

Adjourned.

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(HOUSE OF COMMONS

st Session—Twenty-fourth Parliament

1958)

Government
Publications

STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: HAYDEN STANTON, ESQ.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 1

Bill No. C-38

An Act to amend the Canadian Farm Loan Act.

WEDNESDAY, JUNE 18, 1958

TUESDAY, JULY 22, 1958

WITNESSES:

Hon. Donald Fleming, Minister of Finance; Mr. F. L. Chester,
Commissioner of Canadian Farm Loan Board.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1958

STANDING COMMITTEE
ON
AGRICULTURE and COLONIZATION

Chairman: Hayden Stanton, Esq.,
Vice-Chairman: W. H. Jorgenson, Esq.,
and Messrs.

Anderson, ¹	Henderson,	Phillips,
Argue,	Hicks,	Pugh,
Barrington,	Horner (Acadia),	Racine,
Boivin,	Howe,	Rapp,
Boulanger,	Jorgenson,	Ricard,
Brunsdon,	Kennedy, ³	Richard (Kamouraska),
Cadieu,	Kindt,	Richard (Saint-
Campbell	Knowles,	Maurice-Lafèche),
(Lambton-Kent),	Latour,	Robinson,
Cooper, ²	Leduc,	Rompré,
Doucett,	Létourneau,	Rowe,
Dubois,	McBain,	Smith (Lincoln),
Dupuis,	McMillan,	Speakman,
Fleming (Okanagan-	Michaud,	Thomas,
Revelstoke),	Milligan,	Thompson,
Forbes,	Montgomery,	Thrasher,
Forgie,	Morissette,	Tucker,
Godin,	Muir (Lisgar),	Villeneuve,
Gour,	Nasserden,	Winkler,
Grills,	Noble,	Yacula—60.
Hardie,	Peters,	

M. Slack,
A/Clerk of the Committee

1. Replaced on Monday, June 9, by Mr. Hales.
2. Replaced on Monday, June 16, by Mr. Southam.
3. Replaced on Thursday, July 3, by Mr. Gundlock.

ORDERS OF REFERENCE

HOUSE OF COMMONS,
TUESDAY, June 3, 1958.

Resolved,—That the following Members do compose the Standing Committee on Agriculture and Colonization:

Messrs.

Anderson,	Henderson,	Phillips,
Argue,	Hicks,	Pugh,
Barrington,	Horner (Acadia),	Racine,
Boivin,	Howe,	Rapp,
Boulanger,	Jorgenson,	Ricard,
Brunsdon,	Kennedy,	Richard (Kamouraska),
Cadieu,	Kindt,	Richard (Saint-
Campbell	Knowles,	Maurice-Lafèche),
(Lambton-Kent),	Latour,	Robinson,
Cooper,	Leduc,	Rompré,
Doucett,	Létourneau,	Rowe,
Dubois,	McBain,	Smith (Lincoln),
Dupuis,	McMillan,	Speakman,
Fleming (Okanagan-	Michaud,	Stanton,
Revelstoke),	Milligan,	Thomas,
Forbes,	Montgomery,	Thompson,
Forgie,	Morissette,	Thrasher,
Godin,	Muir (Lisgar),	Tucker,
Gour,	Nasserden,	Villeneuve,
Grills,	Noble,	Winkler,
Hardie,	Peters,	Yacula—60.

Ordered,—That the Standing Committee on Agriculture and Colonization be empowered to examine and inquire into all such matters and things as may be referred to it by the House; and to report from time to time its observations and opinions thereon, with power to send for persons, papers and records.

MONDAY, June 9, 1958.

Ordered,—That the name of Mr. Hales be substituted for that of Mr. Anderson on the said Committee.

MONDAY, June 16, 1958.

Ordered,—That the name of Mr. Southam be submitted for that of Mr. Cooper on the said Committee.

MONDAY, June 23, 1958.

Ordered,—That the quorum of the Standing Committee on Agriculture and Colonization be reduced from 20 to 15 members, and that Standing Order 65(1)(f) be suspended in relation thereto.

Ordered,—That the said Committee be empowered to print such papers and evidence as may be ordered by the Committee, and that Standing Order 66 be suspended in relation thereto.

THURSDAY, July 3, 1958.

Ordered,—That the name of Mr. Gundlock be substituted for that of Mr. Kennedy on the Standing Committee on Agriculture and Colonization.

WEDNESDAY, July 16, 1958.

Ordered,—That Bill No. C-38, An Act to amend the Canadian Farm Loan Act, be referred to the Standing Committee on Agriculture and Colonization.

SATURDAY, July 19, 1958.

Ordered,—That the Annual Report of the Canadian Wheat Board for the crop year ending July 31, 1957, which was tabled on May 14, 1958, together with the Report of the Board of Grain Commissioners for 1957 which was tabled on the same date, be referred to the Standing Committee on Agriculture and Colonization.

Attest.

LEON J. RAYMOND,
Clerk of the House.

REPORT TO THE HOUSE

THURSDAY, June 19, 1958.

The Standing Committee on Agriculture and Colonization has the honour to present the following as its

FIRST REPORT

Your Committee recommends:

1. That its quorum be reduced from 20 to 15 members and that Standing Order 65 (1) (f) be suspended in relation thereto.
2. That it be empowered to print such papers and evidence as may be ordered by the Committee, and that Standing Order 66 be suspended in relation thereto.

Respectfully submitted,

HAYDEN STANTON,
Chairman.

MINUTES OF PROCEEDINGS

WEDNESDAY, June 18, 1958.

The Standing Committee on Agriculture and Colonization met at 9.40 a.m. this day for organization purposes.

Members present: Messrs. Argue, Campbell (*Lambton-Kent*) Doucett, Dubois, Fleming (*Okanagan-Revelstoke*), Gour, Grills, Henderson, Hicks, Horner (*Acadia*), Howe, Jorgenson, Kennedy, Kindt, Knowles, Latour, Létourneau, McBain, Milligan, Montgomery, Morissette, Nasserden, Peters, Rapp, Robinson, Rompré, Southam, Speakman, Stanton, Thomas, Thompson, Thrasher, Tucker, Winkler, and Yacula. (35)

On the motion of Mr. Campbell (*Lambton-Kent*), seconded by Mr. Howe, Mr. Stanton was elected chairman.

Mr. Stanton took the Chair and thanked members of the Committee for the honour given him, mentioning at the same time the importance of the Committee's work.

On the motion of Mr. McBain, seconded by Mr. Horner (*Acadia*), Mr. Jorgenson was elected Vice-chairman.

On the motion of Mr. Horner (*Acadia*), seconded by Mr. Tucker,

Resolved,—That a recommendation be made to the House to reduce the quorum from 20 members to 15 members.

On the motion of Mr. Speakman, seconded by Mr. Robinson,

Resolved,— That the Committee be empowered to print such papers and evidence as may be ordered by the Committee, and that Standing Order 66 be suspended in relation thereto.

On the motion of Mr. Campbell (*Lambton-Kent*), seconded by Mr. Henderson,

Resolved,—That a Sub-committee on Agenda and Procedure, comprising the Chairman and 6 members to be named by him, be appointed.

At 9.55 a.m. the Committee adjourned to the call of the Chair.

TUESDAY, July 22, 1958
(2)

The Standing Committee on Agriculture and Colonization met at 9.05 a.m. this day. The Chairman, Mr. Hayden Stanton, presided.

Members present: Messrs. Barrington, Boivin, Boulanger, Brunsden, Campbell (*Lambton-Kent*), Doucett, Dubois, Forbes, Grills, Hales, Henderson, Hicks, Horner (*Acadia*), Jorgenson, Gundlock, Knowles, Latour, Létourneau, Milligan, Montgomery, Morissette, Muir (*Lisgar*), Nasserden, Noble, Rapp, Ricard, Robinson, Southam, Speakman, Stanton, Thomas, Thompson, Tucker, Villeneuve, Winkler, and Yacula. (36)

In attendance: Honourable Donald Fleming, Minister of Finance; Messrs. F. L. Chester, Commissioner of Canadian Farm Loan Board; E. O. Bertrand, Board Member; W. A. Reeve, Secretary; and R. M. McIntosh, Chief Accountant, all of the Canadian Farm Loan Board.

The Chairman announced the composition of the Sub-Committee on Agenda and Procedure comprising the following members: Messrs. H. Stanton, E. Nasserden, J. O. Latour, J. O. Gour, J. M. Forgie, A. Peters and G. W. Montgomery.

On motion of Mr. Speakman, seconded by Mr. Montgomery.

Resolved,—That the Committee print 750 copies in English and 250 copies in French of its Minutes of Proceedings and Evidence in relation to Bill C-38—An Act to amend the Canadian Farm Loan Act.

On motion of Mr. Hales, seconded by Mr. Gundlock,

Resolved,—That leave be asked to sit while the House is sitting.

The Committee proceeded to the consideration of Bill No. C-38, An Act to amend the Canadian Farm Loan Act.

On Clause 1, Hon. Donald Fleming, Minister of Finance, made a brief statement explaining the purpose of the Bill.

Mr. F. L. Chester was called and read a prepared statement, which was distributed to the members of the Committee, giving a résumé of the history and operations of the Canadian Farm Loan Act and the Canadian Farm Loan Board.

The Minister of Finance and Mr. F. L. Chester were questioned and supplied information thereon.

Copies of the Report of the Canadian Farm Loan Board for the year ended March 31, 1957, were distributed.

At 10.45 a.m. questioning continuing, the Committee adjourned to meet again at 9.00 a.m. Thursday, July 24.

M. Slack,
A/Clerk of the Committee.

EVIDENCE

TUESDAY, July 22, 1958.
9:00 a.m.

The CHAIRMAN: Gentlemen, I believe we have a quorum. We will proceed with our meeting. As you realize this room is engaged again at 11 o'clock.

We have with us this morning the Minister of Finance and Mr. Chester, the Chairman of the Canadian Farm Loan Board. Mr. Chester is here for any explanation which you may wish.

First of all I might announce the personnel of the steering committee: Messrs. Nasserden, Latour, Gour, Forgie, Peters, Montgomery and the chairman. I endeavoured to select these members as equally as I possibly could.

At this point may I have a motion to print 750 copies in English and 250 copies in French of the minutes of proceedings and evidence of this committee.

Moved by Mr. Speakman, seconded by Mr. Montgomery. Agreed to.

The CHAIRMAN: I believe it will also be necessary, as the report of the Board of Grain Commissioners has been referred to our committee, to ask for leave, at some time when this board appears before us to sit when the house is sitting. You realize that we could not ask these people when they come down here, to sit only a few hours a day. However, we will endeavour to sit only when it is absolutely necessary.

Moved by Mr. Hales, seconded by Mr. Gundlock that permission be asked to sit while the house is sitting.

Agreed to.

Gentlemen, the bill before us this morning is Bill C-38, an act to amend the Canadian Farm Loan Act. I will call clause 1 and then I will ask the minister of Finance for a few remarks.

On clause 1—Capital stock.

Mr. DONALD FLEMING (*Minister of Finance*):

Thank you Mr. Chairman. This is a pretty early hour; we farmers like to get our chores done early in the morning.

Mr. Chairman, thank you for the opportunity of appearing before you on this bill. I will be very brief.

This bill, I suppose, is one of the shortest bills which is ever likely to come before this committee, or indeed, the house. It proposes to amend simply two words in the Canadian Farm Loan Act.

In the debate on the resolution stage in the house, as I indicated there, the situation today is that we are almost at the point of running out of money in the Canadian Farm Loan Board. The relending this year has accelerated very, very greatly. Even since this present measure was decided upon the acceleration of the loans has continued and, frankly, unless this bill becomes law by the middle of August we are going to have to curb the rate of lending.

Briefly under the act, the borrowing power and relending power of the board is associated directly with the capital of the board. The capital stock of the board under the present act, is set at \$4 million. To arrive at the borrowing power of the board, which is the same amount as its lending power, you multiply by twenty times; in other words, \$80 million is the amount the board is now authorized to borrow and relend on farm loans.

The purpose of this bill is simply to raise the capital stock from \$4 million to \$6 million. The effect of that will be to increase the borrowing power and the relending power of the board from \$80 million to \$120 million. That is what this bill does; it does not do any more than that.

On the resolution stage in the house, I indicated the intentions of the government with reference to a review of this measure and other measures associated with agricultural credit in Canada. I said at page 2297 of Hansard:

As all hon. members know, the government is keenly aware of the importance of agricultural credit and finance for the prosperity of our farming community. There are on the statute books three important acts which deal with the capital needs of farmers, namely the Canadian Farm Loan Act; the Farm Improvement Loans Act which deals with intermediate credit, particularly for financing the purchase of farm equipment; and the Veterans' Land Act administered by my colleague the Minister of Veterans Affairs. At the present time the government is engaged in a comprehensive study and review of all three acts with a view to determining where enlargement of scope, expansion in function or improvement in the methods of operation may be required.

That study is continuing and will continue for some time. But for the present session, to meet the needs of the situation, we are asking for this measure to permit the amount available to the board for relending on farm mortgages to be increased by \$40 million to meet immediate needs.

I also indicated on July 16 in the house that where there are criticisms—and no one can be a Minister of Finance very long, or indeed, a member of the house very long without being conscious of criticism in respect of farm credit—it has been my experience that a good deal of the criticism is in respect of the period up to 1956. The house, following a review in the Banking and Commerce Committee in 1956 wrote some rather important amendments into the act which greatly enlarged the lending functions of the Canadian Farm Loan Board.

I think it is not unfair to claim that there has been much less dissatisfaction since that time than there was before. I think I can say as well that there has been in the past several years, particularly since the 1956 amendments, rather a change in attitude and atmosphere in relation to the functions of the board.

In your deliberations on this bill, Mr. Chairman, while the clause of the bill with which you are dealing is actually a very short one, this hearing will afford whatever opportunity hon. members may wish to review the operations of the Canadian Farm Loan Board. Mr. Chester, the commissioner, is here in connection with the hearings. Any information that is sought in relation to the operations of the board will be available to you. It is hoped that there will be every wish on the part of all hon. members to review as fully as time may permit all aspects of the administration and operation of the Canadian Farm Loan Board.

Mr. Chester will be submitting to you a brief of which he has copies which will assist the hon. members in following the statement which he will make by way of a review, and also statistical information.

I hope, Mr. Chairman, for my own part, while I may not be able to be here with you all the time—I have to leave about 10 o'clock for a cabinet meeting—if there is anything I can do to help the committee while these hearings are continuing I shall be only too happy to be here and do anything I can to facilitate the hearings of the committee in the review of this legislation and the operations of the board.

The CHAIRMAN: Thank you, Mr. Minister.

At this time I would suggest that we allow Mr. Chester to present his brief in full before the questions are asked. After he has completed his brief we will come back again and you may ask any questions which I know Mr. Chester will be only too pleased to answer.

Mr. F. L. CHESTER (*Chairman, Canadian Farm Loan Board*): Mr. Chairman and members of the committee, I have prepared a statement of which I have copies for each of you.

I feel it should be useful and of value for the members of this standing Committee on Agriculture to have at this time a resume of the history and operations of the Canadian Farm Loan Act and the Canadian Farm Loan Board while considering the present bill before you and the general problem of farm credit in Canada. I will endeavour to be as brief as possible and at the same time give the most important details in this resume.

The Canadian Farm Loan Board was established in January 1929 following the passage in 1927 of the Canadian Farm Loan Act which was "an Act for the purpose of establishing in Canada a system of long term mortgage credit for farmers". The act as originally passed was based upon the study, report and recommendations of Dr. H. M. Tory who was commissioned by the government in 1923 to inquire into the subject of agricultural credit. Dr. Tory was the founder and president of the University of Alberta and subsequently president of the National Research Council, and studied agricultural credit in Europe, Australia, South Africa, New Zealand, the United States and Canada and made two reports to the government—the first in 1924 by Sessional Paper 142 and a supplementary report in 1925 by Sessional Paper 152.

Dr. Tory found that following the first world war the values of farm lands had greatly increased as a result of increased production and high prices and that these high land prices had strained the available credit resources. Mortgage interest rates were 7-8 per cent in eastern Canada and 8-10 per cent in western Canada, the term of mortgage loans was too short—never exceeding five years—and because of the high cost of obtaining and equipping a farm it was difficult for a young man of limited means to become established as a farmer. He felt that the remedy was to provide a stable continuing source of long term mortgage credit on an amortized repayment plan at reasonably low interest rates. In his observations he emphasized that farming was a business and should be encouraged to operate along sound business lines.

As originally enacted the Canadian Farm Loan Act contemplated an independent public corporation operating on a business basis, lending money on long term mortgage credit to credit-worthy Canadian farmers at the cost of funds increased by the cost of administration with a reasonable provision for reserves. Borrowers as well as provincial governments and the Dominion Government were to be joint shareholders and the bulk of the funds for lending were to be obtained ultimately by borrowing in the public money market. The Dominion Government as the principal promoter was to provide the initial capital and to guarantee the public borrowings of the board within limits. Under this scheme the board operated in the provinces of Nova Scotia, New Brunswick, Quebec, Manitoba, Alberta and British Columbia, all of which had passed enabling legislation.

This scheme remained in effect until 1935 when the act was changed and the idea of stock ownership participation by borrowers and provincial governments was abandoned as also was the idea of the board obtaining its funds in the public money market. In 1935 the board was constituted an agency of the crown in right of Canada with the government of Canada as its sole shareholder. At this time lending operations commenced in Prince Edward Island, Ontario and Saskatchewan which provinces had not participated in the original scheme.

The board has continued as an independent agency of the crown operating without subsidy and paying its own cost of administration out of the spread

between cost of funds and the lending rate to farmers. There have also been changes in its capital structure as well as in its lending powers from time to time. It is a matter of satisfaction to the administrators that the board has always paid its own way while charging only modest, reasonable interest rates. Since 1952 the board has, in addition, been liable for and has paid full corporation income taxes like any similar business organization.

Lending Powers

When the board was first established in 1929, it could lend up to \$10,000 with the maximum loan limited to 50 per cent of the appraised agricultural productive value of the farm. In 1934, the maximum loan was reduced to \$7,500. In 1935, the maximum loan was reduced to \$6,000 but only \$5,000 could be lent on first mortgage and the additional \$1,000 required a second mortgage on a short term, not more than six years, and also chattel mortgage security as collateral. In 1952, these limits were doubled and the ratio of first mortgage loan to appraised value was increased from 50 to 60 per cent. In 1956, the second mortgage feature with collateral chattel security on livestock and equipment was dropped and the board was empowered to lend up to \$15,000 and up to 65 per cent of the agricultural productive value on first mortgage alone. The maximum loan term was also increased from 25 to 30 years.

Interest Rates

When the board commenced lending in 1929, it was obliged to charge 6½ per cent. In October 1934, the rate was brought down to 5½ per cent. In May 1935, the rate was further reduced to 5 per cent and so continued up to April 1, 1945. From April 2, 1945, to March 31, 1952, the rate was 4½ per cent and since that time the rate has been 5 per cent.

Persons To Whom The Board May Lend

The board may lend to any person whose principal occupation is farming and who is actually engaged in or shortly to become engaged in farming the land to be mortgaged, and whose experience, ability and character are such as to warrant the belief that the farm will be successfully operated.

Security Required For A Loan

Every borrower who obtains a loan must give the board a first mortgage on his farm. The farm should have the necessary buildings to make it a complete farm unit and be organized on a productive scale sufficient to maintain the farmer and his family, pay expenses and repay a loan.

Purposes Of Loans

The purposes for which the board may lend are reasonably broad and have remained unchanged since the board was established:

- (a) To purchase farm land;
- (b) To buy fertilizer, seed, livestock, machinery, implements and equipment necessary to the proper operation of the farm mortgaged;
- (c) To erect farm buildings and to clear, drain, fence and make any permanent improvements tending to increase the productive value of the land;
- (d) To discharge existing liabilities;
- (e) Any other purpose which the board considers will improve the value of the land for farming purposes.

Organization

The board is constituted a corporation with not less than three nor more than five members appointed by the governor in council, one of whom is the Deputy Minister of Finance. The chairman of the board is designated the Canadian Farm Loan Commissioner and is the executive in charge of actual operations. The other members are in a position analogous to that of directors of a private commercial company. Under the supervision and direction of the commissioner, the board has a branch office in each province, except Newfoundland, with a branch manager, office and field staff. The branch manager is in charge of all the operations in his province including the processing of applications, the appraisal of farms, the making of loans, and the collection of loans. In most branches and within certain limits the branch manager may approve loans on behalf of the board up to the maximum limit of \$15,000.

Funds For Lending

The board obtains its funds for lending by borrowing from the Minister of Finance at current interest rates. The borrowing power and the minister's lending power are dependent upon the amount of capitalization of the board. The present capitalization is \$4 million and the minister may lend up to 20 times that amount at any time outstanding. Therefore at present the board cannot borrow more than \$80 million from the minister. The purpose of Bill C38, now before you, is to increase the board's capitalization to \$6 million and therefore to enable the board to borrow up to \$120 million from the minister.

Lending Policy

Within the limits prescribed by the act, it is the policy of the management of the board to lend to every credit-worthy applicant for any constructive purpose when a useful loan can be made. Every application is dealt with in accordance with business principles and in a sympathetic manner without regard for the nationality, race, creed, sex or color of the applicant. The making of good useful loans to farmers on the mortgaged security of their farms cannot be an automatic mechanical operation depending solely on the value of the farm but calls for consideration of the individual applicant's ability as a farmer and manager. No one can borrow his way out of debt and into prosperity by the unwise use of credit and credit in itself is not a cure-all.

Collection Policy

While the board must collect the amounts falling due to the extent of the borrower's ability to pay, extensions of time are given where the inability of the borrower to pay is attributable to factors beyond his control. Legal proceedings are avoided unless there is no other solution.

CURRENT AND PROSPECTIVE BUSINESS

Following the amendments to the Canadian Farm Loan Act which became effective June 26, 1956, and with a view to improving the board's service and expediting the making of loans, several important changes in methods and procedure have been put into effect.

A short simple application has been adopted and many other forms have been revised with a view to reduce paper work. The board's lending policies have been revised and procedures simplified wherever possible. The board's field staff has been enlarged to keep pace with the increased volume of business. A chief appraiser has been appointed to supervise appraisal work. Annual refresher training conferences for appraisers, under the supervision of the chief appraiser, have been instituted. Formerly all loans were approved at head office. Most branch managers now have the authority to approve

loans not exceeding 50 per cent of valuation up to \$15,000. Annual conferences of branch managers to discuss, compare and improve policies, methods and procedures have been instituted. These changes and improvements have resulted in a marked reduction in the time necessary to process a loan application.

Since June 26, 1956, there has been a very marked increase in the board's business. That is the date extensive changes contained in the 1956 amendments of the Canadian Farm Loan Act became effective.

In 1956-57, during only part of which these changes were effective, this board disbursed loans in the amount of \$13,183,992—an increase from \$8,254,323 in the previous year or 80 per cent. This exceeded any previous year in the board's history.

Last year (1957-58) was the first complete year these changes were fully effective and the board's business again increased to \$19,343,560 or a further 73 per cent.

We foresee business in the current year totalling \$30 million which would be a 260 per cent increase over 1955-56.

The following table will give you a clear comparative picture of the first three months of this current year's business:

<i>Loans Approved, Accepted by Borrower, and Placed with Solicitors for Disbursement</i>		
	<i>Number</i>	<i>Amount</i>
1954	293	\$1,257,900
1955	328	1,450,100
1956	407	1,940,950
1957	653	3,890,250
1958	1,236	7,979,950

Current loan approvals are exceeding \$4 million monthly.

I am sure members of this committee will appreciate that such a large and sudden increase in this board's business has been a strain on the board's staff. However, we have not only handled this greatly increased volume but have done so faster and more efficiently. This could not have been accomplished without the loyal, conscientious and efficient help of each and every employee of this board, most of whom I may add, have many years' experience. I cannot speak too highly of my staff's willing cooperation to do a job and do it well.

The following comparative table shows the increase in average size of loans:

1929-48	\$2,104
1953-54	3,738
1954-55	3,835
1955-56	4,040
1956-57	4,785
1957-58	5,748

Current loans are averaging \$6,450 which is 60 per cent larger than in 1955-56 and 306 per cent of the 1929-48 average.

The following comparative table shows cost of operation to investment:

1953-54	1.391
1954-55	1.390
1955-56	1.306
1956-57	1.322
1957-58	1.221

Loan collections from farmers have remained satisfactory as shown by the decrease in interest arrears to principal outstanding from .6031 per cent at March 31, 1956, to .3245 per cent at March 31, 1958.

As indicated by the Minister of Finance when introducing the resolution and Bill C.38 in the house, the best estimate at this time under the board's present capitalization is that loan commitments by the board must cease by about August 15th and available money for commitments made will be exhausted by about October 31st.

I will be glad to supplement the information given herein by answering any questions I am able to concerning the Canadian Farm Loan Board and its operations.

Appended hereto are the following schedules:

Loans Disbursed and Outstanding by Fiscal Years

Interest Arrears to Loans Outstanding

Administration Costs

SCHEDULE VII

CANADIAN FARM LOAN BOARD

STATEMENT OF LOANS DISBURSED AND OUTSTANDING BY FISCAL YEARS TO MARCH 31, 1958

Fiscal Year	Loans Disbursed		Cumulative Total of Loans Disbursed		Principal of Loans Outstanding End of Year	
	No.	Amount	No.	Amount	No.	Amount
		\$		\$		\$
1929-30.....	1270	2,630,377	1270	2,630,377	1270	2,613,671
1930-31.....	2102	3,517,489	3372	6,147,866	3109	6,033,805
1931-32.....	468	1,996,344	3840	8,144,210	3492	7,878,741
1932-33.....	655	1,276,114	4495	9,420,324	4394	8,927,985
1933-34.....	307	558,630	4802	9,978,954	4652	9,125,513
1934-35.....	352	547,207	5154	10,526,161	4866	9,332,329
1935-36.....	3952	7,423,779	8747	17,949,940	8322	16,178,516
1936-37.....	5385	11,074,156	14132	29,024,096	13588	26,506,308
1937-38.....	2523	5,264,308	16655	34,288,404	15829	30,336,749
1938-39.....	2232	4,338,843	18887	38,627,247	17747	33,065,470
1939-40.....	2361	4,342,662	21248	42,969,909	19756	35,411,729
1940-41.....	1425	2,727,507	22673	45,697,416	20782	35,947,883
1941-42.....	1112	2,133,514	23785	47,830,930	21333	35,256,188
1942-43.....	642	1,320,256	24427	49,151,186	21020	33,120,484
1943-44.....	590	1,336,103	25017	50,487,289	19447	28,716,696
1944-45.....	695	1,661,410	25712	52,148,699	16929	24,199,388
1945-46.....	877	2,121,207	26589	54,269,906	15721	22,513,863
1946-47.....	1286	3,273,811	27875	57,543,717	15032	22,119,005
1947-48.....	1218	3,185,240	29093	60,728,957	14790	22,327,258
1948-49.....	1751	4,595,036	30844	65,323,993	15006	23,890,389
1949-50.....	1841	4,942,930	32685	70,266,923	15566	25,821,426
1950-51.....	1800	4,693,079	34485	74,960,002	16184	27,802,774
1951-52.....	1508	4,469,091	35993	79,429,093	16497	29,238,810
1952-53.....	1514	5,118,559	37507	84,547,652	16667	31,005,250
1953-54.....	1908	7,000,540	39415	91,548,192	17267	34,591,645
1954-55.....	2137	8,207,003	41502	99,755,195	18111	39,455,931
1955-56.....	2087	8,254,323	43639	108,009,518	18931	44,075,268
1956-57.....	2826	13,183,992	46465	121,193,510	20372	52,730,198
1957-58.....	3500	19,343,560	49965	140,537,070	22494	67,112,206

INTEREST ARREARS EACH YEAR FOR THE LAST TEN YEARS SHOWING
PERCENTAGE OF PRINCIPAL OUTSTANDING

INTEREST IN ARREARS

Year Ending March 31st	First Mortgage	Second Mortgage	Agreements for Sale	Total	Percentage of Principal Outstanding
	\$	\$	\$	\$	
1949.....	38,969	12,073	2,436	53,478	.2204
1950.....	51,198	12,446	2,394	66,038	.2526
1951.....	73,507	15,083	2,977	91,567	.3261
1952.....	63,743	11,731	2,839	78,313	.2657
1953.....	53,341	7,497	1,440	62,278	.1996
1954.....	87,741	8,664	2,112	98,517	.2834
1955.....	156,934	16,447	1,808	175,189	.4424
1956.....	237,937	27,074	1,603	266,614	.6031
1957.....	200,402	27,719	995	229,116	.4327
1958.....	192,011	25,206	955	218,172	.3245

ADMINISTRATION COSTS SHOWING PERCENTAGE OF INVESTMENT AND PROFIT ON
OPERATIONS (BEFORE INCOME TAX) EACH YEAR FOR THE LAST TEN YEARS

Year Ending March 31st	Administration Costs	Percentage of Investment	Profit on Operations Before Income Tax
	\$		\$
1949.....	346,303	1.417	148,649
1950.....	373,920	1.413	142,428
1951.....	428,249	1.505	131,705
1952.....	443,845	1.486	136,890
1953.....	455,938	1.443	143,195
1954.....	490,461	1.391	157,288
1955.....	559,823	1.39	162,780
1956.....	589,175	1.306	218,175
1957.....	712,024	1.322	218,755
1958.....	838,001	1.221	235,534

You will notice there are statements attached to this resume showing amounts disbursed by years, cumulative total of loans disbursed and the number of loans outstanding at the end of each year. That is the first schedule. The second schedule shows interest arrears for the last ten years expressed as a percentage of the principal outstanding. Also included are administration costs for the last ten years, showing also profit of operations before income tax.

The CHAIRMAN: Gentlemen, would you like to have a moment to study these two schedules before you start questioning? The schedules are quite important.

Mr. FORBES: Would you have any information on how many applications you have refused or turned down during a period?

Mr. CHESTER: We have a record, we can make this available to you.

Mr. FORBES: Have you got it for, say, just one year in five? Finding out whether the type of loan is giving the type of service or not?

Mr. CHESTER: Yes, for the current year. So far we have had 2,732 new applications and we had 1,453 on hand as at March 31, which is the end of our fiscal year. We are now talking about the current fiscal year. So current applications which we have had to deal with are 4,185, of which we have placed 1,325 loans with our solicitor. That means we have approved these loans, the borrower has accepted them and they have gone into our solicitor's hands and are in the process of being disbursed.

There were 526 applications withdrawn or rejected before appraisal. There were 296 applications withdrawn or rejected after appraisal. The balance are in correspondence, awaiting appraisal with the appraiser.

We also have 1,033 which have been appraised and most of these loans have been approved and offered to the borrower and have not yet been accepted by the borrower.

Mr. FORBES: And that is about a third of the applications are refused on some ground or another?

Mr. FLEMING (*Eglinton*): No, it looks like about one-fifth, including withdrawals and rejections. The total is 526 plus 296, about 800 out of 4,185, which is about one-fifth or 20 per cent.

The CHAIRMAN: Gentlemen, would you give your names?

Mr. SPEAKMAN: Mr. Chairman, I would like to ask Mr. Chester, in view of the fact that the current repayment record is as shown by his table in which over 50 per cent of the borrowings have been repaid, would it not be of a great deal more assistance to the individual borrower if his ability to pay was rated along with the appraised value of his land?

Mr. CHESTER: It undoubtedly is. That is the basis upon which we make loans, his ability to pay.

Mr. SPEAKMAN: I was four years with the Veterans' Land Act as a supervisor and the borrowings there, as I think everyone in Canada knows, have a very excellent record and the ability to pay was I think probably the principal factor, knowing as we do that 50 per cent of the appraised value of land today represents a very small part of the ability of any man to buy a piece of land.

Mr. FLEMING (*Eglinton*): I think everyone appreciates the record shown under the Veterans' Land Act and the point that Mr. Speakman makes about the importance attached to the ability of the borrower to repay under that legislation, which has its full counterpart under this legislation. The board is required as a matter of fact by law to take the credit worthiness and ability to repay and the character of the borrower into account along with questions pertaining to the value of the land upon which he is seeking a mortgage.

Mr. SPEAKMAN: I think perhaps the 50 per cent, Mr. Chairman, is a bit restrictive because in the case of central Alberta land appraised values are not at all anything like the actual values. As I say, in the Veteran's Land Act the appraised value of a piece of land is probably 50 per cent of the asking price of a vendor, which makes it very difficult. But under your 50 per cent of the appraised value you are talking about 25 per cent of actual value.

Mr. CHESTER: I think you misunderstand. We make loans up to 65 per cent, not 50 per cent.

Mr. SPEAKMAN: Well, even 65 per cent is still getting down pretty low.

Mr. FLEMING (*Eglinton*): That is the point about land value. You have the same problem in the administration of any government loan where there is provision for lending on any farm on a mortgage. You have the same problem under the National Housing Act. It is a problem to relate current fluctuating market values to lending value. You may get these wide fluctuations from year to year, period to period, in market value and the appraiser has to have regard for something more continuing, something more basic in determining lending value.

You are always going to have some problem. Any valuator will weigh this, a government valuator or a private one in relating lending value for mortgage purposes to this fluctuating element of market value.

Just here I think it could be said that while you will never satisfy everybody, you will never satisfy the man who is seeking the loan and who puts a very high value in his own mind on his own property, nevertheless I think

it could be said that there has been, as Mr. Chester has said in his memorandum today, a very much more sympathetic attitude taken in recent times on this subject and certainly the committee can be assured that the appraised value of the land is not by any means the only element taken into account in determining whether a loan will be made or not. The credit worthiness, the ability, capacity of the individual applicant farmer is highly important. On the other hand, the act does place a limit of 65 per cent of its lending value on the amount of mortgage which can be advanced.

Mr. SPEAKMAN: Mr. Chairman, I am glad the minister brought in the provisions of the National Housing Act because it is not designed in favour of the farmer, your young farmer wanting to establish certainly cannot get the amount of credit nor can he get the range of protection that your young man working in industry who wants to establish a home can get. I think perhaps we can well consider bringing those two into much closer relationship.

Mr. FLEMING (*Eglinton*): Well, you have thirty years under this act now, since 1956, and your rule under the National Housing Act is twenty-five to thirty years.

Mr. SPEAKMAN: And a much greater amount is available to the borrower?

Mr. FLEMING (*Eglinton*): You mean percentagewise?

Mr. SPEAKMAN: Yes. After all, we are interested in establishing young graduates particularly in agriculture if they are interested in agriculture.

Mr. FORBES: What Mr. Speakman means is that anyone with 10 per cent can get a house built under the National Housing Act.

Mr. FLEMING: I do not think it is as simple as that. There are some hurdles he has to get over in regard to income. The income restrictions are quite rigid. Parliament legislated again last December on this subject dealing with the quite high hurdles established under the National Housing Act in regard to the required income of any of the applicants for a mortgage under the National Housing Act, Part 1. You still have that very severe test to get over to obtain that decreasing amount that may be loaned by way of percentage of land lending value.

That brings me back to the point I was making in reply to Mr. Speakman's question about the difference between land value as an element of appraisal as distinguished from its fluctuating market value, which may change rapidly from day to day or month to month under some situations.

Mr. FORBES: I am thinking of the same thing, probably, as Mr. Speakman, that if a young farmer wanted to get started up he would not have any opportunity as would an older person, as he would have a limited amount of funds. There is the price down on the piece of land, he would pay 10 per cent of the value of the farm down and get a loan for the balance.

Mr. FLEMING (*Eglinton*): That would involve an extensive revision of the act. The percentage has been moved up, as Mr. Chester has indicated. We cannot go above 65 per cent.

These are questions of policy and it is this sort of thing on which the views of members of the committee will be very helpful as bearing on this study which the Department is carrying on that I mentioned earlier.

Mr. FORBES: That is one thing that happens to a young man starting up today to get the amount of money to pay down required under this act. I would like to see something implemented to get him started with the least possible down payment.

Mr. CHESTER: Once you come to the point where you are overloading anybody with debt that cannot be repaid that is where we tie in with what Mr. Speakman said about the ability of the farmer to repay his loan. That determines the amount of loan we make. It is a matter of judgment, of experience,

and I think the same thing applies under Central Mortgage loans. You have to be earning a certain income in relation to the amount of loan that is given. This all ties in with the ability to repay and it must be tied in; otherwise you get into situations where you have overloaded somebody with a debt that cannot be repaid and both the borrower and the board would then be in difficulty.

Mr. HALES: The statement is a very important one, Mr. Chairman. I was wondering in the last report for the year ending 1957 what amount was written off for uncollectable loans and if so is there any reserve set up before this profit figure is arrived at?

Mr. CHESTER: Yes, we have a reserve for losses. Again it is related to our capital and must not exceed our capital. When our capital in 1956, was \$3 million the financial set-up was reorganized that is when that clause came into effect, that our reserve must not exceed our capital. At that time it did exceed our capital and we refunded to the Minister of Finance, the Receiver General, the difference between \$3 million and what our reserve was then, (\$444,258). So we have at the present time a reserve fund of about \$3½ million. I will get the right figure.

Mr. HALES: And the uncollectable amount written off last year?

Mr. CHESTER: They are always written against our reserve. Our reserve is \$3,209,769 at the end of March 1958. Net losses on real estate transactions \$818 last year.

Mr. HALES: You mean that is all the uncollectable amount?

Mr. CHESTER: That is what they were, the amount that was written off.

Mr. BOULANGER: What is the loss since 1949?

Mr. CHESTER: In round figures the board has lost about three quarters of a million dollars—\$718,298.59—and those losses have all been taken care of within the operation of the board. The board has paid those losses from reserves.

Mr. CAMPBELL (*Lambton-Kent*): Mr. Chairman, I would like to ask if any consideration is being given to the matter of increasing the totals which may be loaned to any one individual? I may say on page 3 you have outlined the purposes for which you may loan money. I suggest that if consideration has not been given I would like to see it given to increasing the amount of \$15,000 which I understand is your maximum. Now, \$15,000 will only buy approximately 30 acres of land in my territory and that does not allow anything for these other things you have to get, such as fertilizer, implements, livestock, and so on. I would like to see the total increased from \$15,000 that I understand now is the limit that any one individual can borrow.

Mr. FLEMING (*Eglinton*): Some of these suggestions of that kind, of course, pertain to matters of policy. Mr. Chester is here to answer any questions pertaining to operations. Any question involving a change in the law would naturally be a question of policy for the government.

Any suggestions of that kind, of course, will be taken into account in connection with this review that is proceeding now on features of the legislation.

We do not in the committee ask civil servants or persons who have not government responsibility to pass comments on questions of policy. In other words, I do not think it will be proper for Mr. Chester to say "I think it should be higher" or "I think it should be reduced." That is established now by the statute and all these things, as I say, are encompassed within the scope of the review which is proceeding at the present time.

I do want to state that any suggestions which hon. members care to make will be carefully noted and, of course, given due consideration.

Mr. JORGENSEN: I would like to know, Mr. Chairman, if you have a breakdown of the provinces that have made applications for loans and if you have a record of the purposes of those loans. You have enumerated several reasons why you give these loans. I was wondering if there was a breakdown in that respect as well? Another question, while I have it before me, I would like to know if there are any areas in which loans are prohibited?

Mr. CHESTER: The answer to that is no.

Mr. HORNER (*Acadia*): One page 3—

The CHAIRMAN: Pardon me, there is other information here.

Mr. CHESTER: The loans made by provinces from inception are: British Columbia \$7,238,000—

Mr. JORGENSEN: I wonder do you have extra copies of this?

Mr. CHESTER: Not with me, but we can have them provided for you.

Mr. JORGENSEN: I wonder if you would have them distributed to the members of the committee rather than reading them out?

Mr. CHESTER: Our annual report, which should be available very shortly—it is in the printer's hands—will have all this information in it and if you have our annual report for last year that has it up to the end of March, 1957.

Mr. JORGENSEN: Is it in this report?

Mr. CHESTER: Yes.

Mr. FLEMING (*Eglinton*): Perhaps with that in mind it might complete the record if you just give the figures for 1957-58 pending the time when the 1957-58 report is available for distribution and members could just build on the facts they have in the ordinary course in the 1957-58 annual report.

Mr. CHESTER: Do many of you have the annual report? We have a few. I do not think we have sufficient for everybody; we will distribute what we have.

I will give you from April 1, 1957, to March 31, 1958, which, added to the totals you have, will make the present total. British Columbia \$542,530; Alberta—

Mr. DOUCETT: Mr. Chairman, would it be possible to get the number of loans with the amount?

Mr. CHESTER: Yes.

<i>Province</i>	<i>No. of Loans</i>	<i>Amount</i>
British Columbia	98	\$ 542,530
Alberta	570	2,608,546
Saskatchewan	1,076	5,467,085
Manitoba	393	2,010,225
Ontario	984	7,003,846
Quebec	122	636,180
New Brunswick	64	282,333
Nova Scotia	53	280,729
Prince Edward Island	140	512,081

The total number of loans is 3,500 and the amount is \$19,343,560.

Mr. FLEMING (*Eglinton*): Perhaps it might be well if Mr. Chester just made a comment on the Quebec figure, which may look low by way of indicating the situation in regard to the provincial sources of agricultural credit.

Mr. HALES: I wonder if he would compare the low with the high? Why is Saskatchewan so high?

Mr. CHESTER: Well, there is much more farm land in Saskatchewan than there is in Nova Scotia, for instance. It is really the volume of the applications and the extent of farms in the province which pretty well governs the amount of money we loan.

In connection with the figures in Quebec, up until a very short time ago Quebec was the largest borrower from this board of any province in Canada. I think it was in 1936 the Quebec Farm Board was inaugurated and up until 1950 they charged an interest rate of $3\frac{1}{2}$ per cent. I believe it was $3\frac{1}{2}$ to start with. It is presently $2\frac{1}{2}$.

Mr. LATOUR: The rate of interest on that Farm Loan was $2\frac{1}{2}\%$ and the terms for reimbursement were 39 years. The total amount loaned by that office was over \$154,000,000.

Mr. CHESTER: In the 1930-31 session, the Quebec legislature enacted legislation to contribute towards loans made to farmers and to rebate interest rates on loans made by the Canadian Farm Loan Board in the province of Quebec to the extent of $1\frac{1}{2}$ per cent. Our interest rate at that time was $6\frac{1}{2}$ per cent. In effect it reduced our interest rate to the borrower to 5 per cent. This only applies to the province of Quebec. This legislation remained in force until December 1, 1950, when interest rates to Quebec farmers were then 3 per cent. In 1936 the province of Quebec through their L'Office du Credit Agricole du Quebec charged a very low interest rate, but they continued until the year 1950 to subsidize this board's interest rate charged to farmers in Quebec. In other words, no matter what our interest rate was, they paid the difference between our rate and 3 per cent. They reduced our rate by $1\frac{1}{2}$ per cent.

From 1940 to the end of 1950 Quebec was the best customer of this board. The board made 7,895 loans on first mortgages, 2,876 on second mortgages, for a total of \$17,128,787.30. From January 1951 until the end of March 1957, while our business was greatly increasing in other provinces across Canada, only 958 loans totalling \$3,354,000 were made in the province of Quebec. That is because the Quebec government discontinued subsidizing the interest rate of this board to their farmers in 1950, so that the effective rate on our lending to farmers in Quebec since 1950 has been exactly the same as in other provinces, namely 5 per cent.

Mr. JORGENSON: There was a question I asked about the purpose of the loan, and I am interested particularly in last year.

Mr. CHESTER: In 1957-58, to buy land or pay land secured debts, 63.4 per cent; to pay other debts 21 per cent; for livestock, machinery and improvements, 11.7 per cent; sundries 3.9 per cent.

Mr. FORBES: Could we determine whether or not the young fellows are getting in on this? Have you any figures in respect of the numbers of young farmers who are covered under this?

Mr. CHESTER: We can obtain that information for you.

Mr. HORNER (*Acadia*): I have a question in respect of the purchase of farm land. Is it strictly grass or grazing land?

Mr. CHESTER: Any land?

Mr. HORNER (*Acadia*): Does it have to be cultivated?

Mr. CHESTER: No.

Mr. HORNER (*Acadia*): To what extent does the farm land on which you are going to borrow money have to be built on? Does the loan have to involve a mortgage on the set of buildings?

Mr. CHESTER: Included in our security there should be a set of buildings necessary for the proper operation of the farm.

Mr. HORNER (*Acadia*): Suppose a person is enlarging his holdings, on a new mortgage would he have to take his old farm in under that mortgage?

Mr. CHESTER: Generally speaking that is the best procedure for him and for us.

Mr. HORNER (*Acadia*): I note that in 1957 the board paid \$40,000 in income tax and this year probably paid a little more. I think we should definitely lower the interest rate, because 5 per cent over a period of 15 years runs into a lot of money.

Mr. CHESTER: If you only lowered it by the amount of our surplus earnings you would not be lowering it one-tenth of one percent.

Mr. HORNER (*Acadia*): Still you should lower it. I do not think that any government business ought to make money. Our first thought should be to do service to the people. We should lower it down to around $3\frac{1}{2}$ per cent so that the farmers could borrow it with a reasonable chance of paying up the loan over a period of years.

Mr. FLEMING (*Eglinton*): Do you realize that that would mean a subsidy?

Mr. HORNER (*Acadia*): Perhaps. Looking at the table, our administration costs are half of one per cent. Probably we could lower the administration costs and maybe our loans would benefit.

Mr. FLEMING (*Eglinton*): It must be realized that takes us further in the field of credit. The rate which would reduce the over-all cost of operation would hardly be a reduction which would take you further in that field. I take it that the ground on which parliament would consider any further extension of credit is on the basis that this is serving a national need. I think we will have to accept the fact, if anyone is proposing a rate of $3\frac{1}{2}$ or 4 per cent, that it would mean a subsidization out of the federal treasury. There is just no elasticity to reduce the cost of operation to the point where you can lop off half of 1 per cent without subsidization.

Mr. HORNER (*Acadia*): I think present farm conditions perhaps warrant subsidization. In a great many cases the farmers have to enlarge holdings in order to enable them to become an economic unit. If that is the case, I think we should perhaps subsidize them for three or four years until they are able to produce economically under present conditions.

Mr. MONTGOMERY: Mr. Chairman, I find that if a person waits long enough here he eventually gets the answers to some of his questions. However, there is one thing I would like to ask Mr. Chester. Have you any way of judging or knowing, under your appraisal system, whether or not there is a fair appraisal made? I can only speak of situations which come to my mind and which are in my own constituency or in bordering constituencies. I think one of the difficulties which is causing a great deal of the criticism of this act at the present time, to the effect that farmers cannot obtain loans under this act, is the fact that an appraiser will go out and he will appraise one farm in a community, we will say, at \$6 or \$7 thousand, and that man will get a loan; in a community very close to this community, another farm will be appraised, which every one in the community knows is just as good a farm or is just as good a risk, and that farmer will not be appraised as highly.

Our trouble in my area, down east, is with the appraisers. There is a branch office in Saint John and your appraisers there, and no doubt your people at the head office, feel we are in a very speculative business, the potato business. There has been in the past some quite heavy losses. However, I wonder if you have any way of determining the fairness of the appraisals? I am not criticizing; I am only carrying forward the criticism which I hear. I know, in some instances, we could not criticize the appraiser. I know him very well. But, there are cases which were turned down which I do not think were justified.

I wonder if you have given any consideration to having an appeal board set up. Such an appeal board need not cost anything. One could be established

in each constituency to permit a farmer who feels he is aggrieved and not being treated as well as his neighbour to appeal the decision of the appraiser to the appeal board. This appeal board could consist of the county court judge, another farmer and a good businessman. They need only sit once a year during the summer period or the fall.

I notice, by looking at this book, in New Brunswick I do not think there are too many cases, unless they loosened up last spring. We do not have any complaint in respect of the term of forty years. I think it is a long enough period for anyone to have to repay a loan. I have never had any objection on that score. Also the amount, I think, is fair; but when a man applies for a loan of \$3 or \$4 thousand and the board comes back and offers him \$1,300 or \$1,400 or \$2,000, then there is something wrong with the appraisals. Even when the banks are lending a man without security considerably more than that, the board has turned down loans.

The whole trouble seems to be with the uniformity of appraisals. The question which I would like to ask is: are you satisfied with the the appraisal system which you have?

Mr. CHESTER: Are you speaking of New Brunswick in particular?

Mr. MONTGOMERY: Yes.

Mr. CHESTER: Right at this moment we have our chief appariser in New Brunswick. He is there for a month and one of the purposes of his visit is to determine the questions which you have asked. We believe we have been fair, but we have had some complaints and we are in the process of checking on that.

I might say that the applications for loans which are declined in New Brunswick are all sent to the head office for observation before they are finally declined. At head office we treat these impartially and attempt, if anything, to favour the applicant. We have yet to see anything come before us which was declined where the appraised value had anything very much to do with it; generally, there are other circumstances which are quite involved.

I have corresponded with some of the members here and some have called me. We are perfectly willing at all times, within the limitations of the confidential nature of our business, to explain to you the reasons why we have taken whatever action we have taken. Generally speaking—I think I might say always—everyone to whom I have spoken in that regard has agreed we have had a sound basis for the decision which we have made.

Mr. MONTGOMERY: I would like to say I have been one of those who, I think, spoke with Mr. Chester over the phone, and as far as cooperation is concerned I could not ask for anything better. I want him to know I appreciate all the help he has given me.

There is another matter. Do you take into consideration the age of the applicant? I know there have been some cases in which I might agree with the board where a man of 45 or 50 years of age is involved. But in the case of a man 35 years of age, would his age be taken into consideration?

Mr. CHESTER: The age is taken into consideration; also his experience and ability as a farmer, his attitude towards debts, and his previous record of repayment of debts to others. Certainly it is not only the value of the farm upon which we make a loan.

Mr. MONTGOMERY: We have quite a few of our farmers who are not large farmers. They have perhaps 100 to 150 acres. They may have 50 or 75 acres in a wood lot of hardwood, some poplar, and a good farmer may regard that land as being just as important as cleared land. But I understood the board takes that very little into consideration when loaning money.

Mr. CHESTER: We cannot place as high a value on it as some people think a wood lot is worth. We certainly take it into consideration when considering his repaying ability, which is an important factor in making a loan.

Mr. FLEMING (*Eglinton*): Mr. Chairman, would you excuse me. I have to attend a cabinet meeting now. I will make myself available if there are any questions on policy on which the committee would wish me to be present on. Mr. Chester will be here to deal with any matters concerning operation.

The CHAIRMAN: Thank you Mr. Minister. I would suggest that the members confine their questions to matters of operation and not policy from now on.

Mr. SOUTHAM: I was going to make a remark supplementary to what Mr. Campbell said. In Saskatchewan, from where I come, due to agrarian changes which are taking place out there in the larger farms in order to make them an economic unit, and because of the acceleration of automation which goes along with that, I do not think a \$15,000 maximum is enough in a loan. I would like to suggest that be taken into consideration. There is a vast economic change taking place; it is just evolution. I think we have to accelerate our plans and our maximum in order to keep in step with what is taking place.

The CHAIRMAN: I believe that that would be a question for the minister to answer.

Mr. BRUNSDEN: Mr. Chairman, I am interested in the paragraph at the bottom of page 2, lending powers, and running down to the end of the paragraph on page 3. Would Mr. Chester give us a few words in respect of the relationship, or perhaps the lack of relationship in so far as my part of the country is concerned, between the lending ability of the board and the actual lending procedure of the board? What I mean by that is this: I have a very close connection with the Canadian Farm Loan Board. Their appraisals are sound. However, they certainly are not related to the market values, and they cannot be. In very few cases in the province of Alberta, and I am speaking particularly of the south, is a loan approved for more than one-third of the appraised value. If the loaning ability is 65 per cent of the appraised value, I am wondering why the one-third feature not only is introduced but adhered to in most instances? I am not speaking critically, but rather I am looking for information.

Mr. CHESTER: To begin with, I think your figure of one-third is very low. I can find out what our average loan is as expressed in a percentage, but I believe it would be very much higher than that. Many people do not apply for a 65 per cent or a 50 per cent loan. A man may have a \$10,000 farm and only apply for a \$2,000 loan. There are many loans made in Alberta, as in other provinces, at the appraised value of 65 per cent.

Mr. BRUNSDEN: I would say that the majority of the applications are reduced from the amount applied for.

Mr. CHESTER: You mean reduced by the board; a man applies for \$5,000 and we approve \$4,000. Is that what you mean?

Mr. BRUNSDEN: Yes.

Mr. CHESTER: The incidence of that is very, very seldom in the last year or two; although there was more of an incidence previous to 1956.

Mr. BRUNSDEN: I am very glad to hear that.

Mr. CHESTER: There has been a vast improvement in that respect.

Mr. BRUNSDEN: I should add that most of my experience has been on irrigated land which is not within the purview of the board and that may be one of the reasons for the low appraisals. It is very difficult for a man

in my part of the country to secure a loan in an amount of more than \$3,000 on a quarter section of irrigated land. \$3,000 applied to the purchase of an additional piece of land including livestock and including any arrears of debt is a very modest amount.

Mr. NASSERDEN: How do you invest the reserves, if you do?

Mr. CHESTER: In farm mortgages; we have it loaned out and we also have our capital loaned out in farm mortgages.

Mr. MILLIGAN: Does the board pay interest to the government?

Mr. CHESTER: We certainly do. We are paying 4 per cent interest and are charging 5 per cent.

Mr. MUIR (*Lisgar*): I would like to ask Mr. Chester if, in the light of the board's past experience in making loans, would he feel that parliament would be justified in increasing the amount of loan available to each individual

Mr. CHESTER: Are you referring to the maximum loan of \$15,000? That is not within my purview.

Mr. MUIR (*Lisgar*): In the light of the experience of the board in respect of the manner in which these loans are being repaid, as well as your smaller loans—I do not want to put you on the spot—how many loans have you at the maximum?

Mr. CHESTER: We would have to look that up. I think we have a percentage.

The CHAIRMAN: I think that is quite important.

Mr. CHESTER: These are loans approved for all provinces: there were 3,850 loans approved, of which .5 per cent were in the amount of \$1,000 or under, a negligible amount; 55.9 per cent were between \$1,001 and \$5,000. Twenty per cent were between \$5,001 and \$7,500; 13.1 per cent were between \$7,501 and \$10,000; 4.4 per cent were between \$10,001 and \$12,000; 2.5 per cent were between \$12,001 and \$14,999; 3.4 per cent were in amounts of \$15,000.

Mr. MUIR (*Lisgar*): In that case, referring to the figures, there would be a very small percentage who would require amounts over \$15,000.

Mr. CHESTER: In respect of the total I would say the answer is yes.

Mr. MILLIGAN: Mr. Chairman, I do not have any criticism of the board, or the appraisers, but the experience I have is that this act is not covering what it set out to do. I believe this act was introduced in order to help the young man. Take the average farm of \$15,000; an equity of 65 per cent of what he paid for the farm would be tough enough. But, when you take the agricultural productive value into consideration the amount of the loan is cut down to about a third of the value of that farm. Take a farm of \$15,000 and a young man goes out to buy it. Sixty-five per cent of the value would be \$9,750. He has to have the balance of that in cash. I think we should be prepared to go further. From my experience in my riding, anyone who wants to get a loan has to put up security. If it is a young man, his father or someone else has to have a farm to put along with it in order to provide the security to buy the adjoining farm. And it seems to me that anyone could go out to any individual borrowing institution and get that, but the man we want to help is the young man who is the one who wants to get established on the farm.

Mr. HORNER: Along that same point, Mr. Milligan said a farm valued at \$15,000. The actual selling price of that farm would be \$20,000 and the board says it is \$15,000. That is where the appraisal value has to come into consideration because the real estate value of the farm is a lot higher and yet in these cases that is what the board values it at and when you take 65 per cent of the board's valuation of the property that is lowering it down

to perhaps maybe 50 per cent of the real estate value of that farm or the selling price of that farm and I definitely think the appraisal value should be raised to about 90 per cent, or 90 per cent of the appraised value of the farm.

Mr. MUIR (*Lisgar*): I would just like to ask another question on the same line. Does the board use the assessed value?

Mr. CHESTER: Municipal assessment?

Mr. MUIR (*Lisgar*): Yes.

Mr. CHESTER: No, there is too much variation in that.

Mr. FORBES: Mr. Chairman, just on that point. In Manitoba we have a government system of assessment and that assessment is made by competent assessors, they are mostly agricultural graduates and the assessment is based on the location of the property and the productive ability of the soil. They take soil samples from four different parts of a quarter section and it is analyzed and they know the capacity of that soil and that is almost completed. They have completed over two-thirds of the province and I think it would be of great assistance to the lending board in establishing the lending value on that land.

Mr. CHESTER: I wish all other provinces had the same thing. I should qualify that statement I just made. We do use it in connection with our valuations in Manitoba for comparative purposes. We can see whether we are close or out. If we are out we want to know why. We do use that equalized assessment in Manitoba.

There also is one in Saskatchewan which is in the process of being brought up to date and I understand Alberta is also in process of having equalized assessment. When you have them you have a very good formula for comparative purposes and we do make use of them wherever they are available and it is available in Manitoba.

Mr. FORBES: I am glad you said that.

Mr. SOUTHAM: Is ability taken into consideration in each case when you are making a loan?

Mr. CHESTER: Oh, very much so, yes. Our act requires us to do that. His character and his ability are all taken into consideration.

Mr. SOUTHAM: We have in Saskatchewan right now quite a bit of emigration from the farm into other provinces to industry due to the fact that they do not think they have the economic ability in agriculture there. A lot of them are getting away from the farm environment and you have the remark that too many strings are attached to getting these loans and I think they have been a little too stringent in appraising them. I often wondered if that factor was considered enough.

Mr. CHESTER: It is one of the most important consideration when you loan money.

Mr. GUNDLOCK: I would like to ask Mr. Chester if there is a relative scale for repayment in regard to the applicant's age?

Mr. CHESTER: No, there is no limitation on the age other than he must be of legal age, 21, and we have made loans to persons as old as—I was going to say 81, I think maybe it would be a little exaggerated, but certainly in the 70's.

Mr. GUNDLOCK: Still with the 25-year loan?

Mr. CHESTER: Yes, we will make a 25-year loan to a man of 70. We do not anticipate that he will pay it off, but somebody will eventually.

Mr. GUNDLOCK: While I am speaking I would like to say for Mr. Chester's information that equalized assessment is also available in Alberta and it is a very good one.

Mr. CHESTER: Have they got it completed in Alberta?

Mr. GUNDLOCK: As far as I know it has been completed over a year.

Mr. CHESTER: Well, we have all the information on it, I did not know that it was completed.

Mr. HICKS: Is poultry included as livestock in the loans and if not why not?

Mr. CHESTER: Well, poultry, of course, is livestock, but we do not loan on the basis of livestock. That is not any security for our loan.

Mr. HICKS: Not at all?

Mr. CHESTER: No, we cannot make a loan against livestock nor can we make a loan against the security of machinery. Chattels of any kind are not security for our loans and we cannot base a loan on that. The only thing we can loan on is the land and buildings, nothing else.

Mr. NASSERDEN: To get back to the question of the 65 per cent. Without consideration for a person's age and experience and adaptability have there been any cases where you have made loans in excess of 65 per cent of the appraised value of the property?

Mr. CHESTER: We are not allowed to. The law will not allow us to. The answer to that would be no.

Mr. NASSERDEN: What I am getting at is, how do you figure that you ever take into consideration the adaptability of a farmer in regard to a loan?

Mr. CHESTER: We take his character into account and his ability as a farmer. What do you mean by "adaptability"?

Mr. NASSERDEN: That is exactly what I have been referring to. It would mean that he has security according to his 65 per cent?

Mr. CHESTER: Within our limits, yes.

Mr. NASSERDEN: But it never goes above?

Mr. CHESTER: No, the law will not allow us to go above 65 per cent nor will it allow us to go beyond \$15,000.

Mr. BOULANGER: I have seen a report made by the Veterans' Land Act, a good report. Do you think it would be a good thing that the Farm Loan Board would do the same inquiry and know the need for money and all kinds of things in the future?

Mr. CHESTER: I do not think that is within our purview at all.

Mr. SOUTHAM: Is there any counselling in connection with the appraisal in getting these loans through to young farmers? I find a lot of our younger group where someone comes in and is appraising an application and there is a certain amount of advice given by people who have agricultural authority. I think there is a very important education in connection with this in the national economic set-up with all the accelerated changes taking place and switching from the old methods to the new and with this you should require better economic and bookkeeping systems. Is there any educational program along that line?

Mr. CHESTER: No, we do not have any extension division within our board. We could not possibly do it within the framework of our act which requires us to pay all expenses on everything we do and maintain our moderate interest rate, but I might say this, that our appraisers are sound. They are men of experience and at the time they make a loan they discuss the purpose of the loan very thoroughly with the applicant. The applicant might want it for some purpose and our appraiser thinks it should be used for another purpose to his benefit. That is discussed at the time of the making of the loan and the final decision, of course, is always left with the applicant. But these things are pointed out.

Mr. SOUTHAM: I feel the matter of farm economy in increasing long-term loans to farmers in western Canada is one of the most important aspects we have to deal with in the economy set-up we have. That is something that I think is very, very important if by accelerating the agricultural representatives working any place, appraisers, and so on, and I understand from what I know of Ontario farmers the way the Farm Board works down here, if there is supplementary supervision of young farmers it helps to make the incidence of repayment so high. They are all dovetailed together to a successful conclusion as far as your board is concerned of repayment and to the benefit of the farmer himself. I do not see too much of that in western Canada and I think it is one of our problems.

Mr. JORGENSEN: Mr. Chairman, I doubt very much if it is possible for the Farm Loan Board to go into this field. I think the farm board for the purpose it was created is doing a reasonably good job but I think to go into this other field which has been mentioned on several occasions here would require the setting up of an entirely different administrative unit such as they have under the Veterans' Land Act and I think that this is the only way this problem could be handled which would defeat entirely the purpose of the board.

Mr. HORNER (*Acadia*): There has been no mention as to when the appraisals were made. I understand the appraisals extend from September 1 to December 1. I see a possibility of appraising it throughout the winter with soil maps and advice of real estate agents in the district. In my constituency I can practically tell you the value of the land whether in the middle of the winter or not. Anybody who has been farming in a country for eighteen or twenty years knows what that land will produce and whether it is in the middle of the winter or not they will have an idea.

Particularly I think in Alberta the farmer takes his net worth statement in the fall of the year mainly after he has sold his cattle for the winter, he knows what grain he has got in his granaries and what grain he can sell. He takes his net worth statement in the fall, he reviews the whole thing, he says: "I am either going to give up farming or enlarge and buy more land". He makes his estimate in the fall of the year and in the spring nine farmers out of ten are dead broke. They have maybe got enough to carry on for the summer with the aid of a bank loan, put in their crop and wait for next fall again. I think there should be some thought given to the appraising of the land up to the first of the year it not all winter long.

Mr. CHESTER: Well, in regard to that there are no restrictions as to dates. The restriction is the soil frozen or is it covered with too much snow, that a proper examination cannot be undertaken. That is the only restraining factor there. In some provinces we appraise all winter long where weather conditions permit it. The lower mainland of British Columbia, the southwestern part of Ontario, places like that where the climate is much milder. Soil maps tell you about the land. They do not tell you anything about the buildings. They don't tell you anything about the state of cultivation. They do not tell you anything about the weed situation, the fertility of the soil. Those things have got to be seen and our act requires that before any loan can be made it must be inspected by an appraiser of the board. Our act requires that.

Mr. HORNER (*Acadia*): Maybe there was an exception in the last two years but over the past few years it has been proven that the Farm Loan Board has not been very active and has not certainly done all it could be doing particularly in the western part of Canada.

The CHAIRMAN: That may be all right in Alberta but I know in Ontario—and I think Ontario members will agree with me—that it would be impossible to make an appraisal of our Ontario farmland.

Mr. SPEAKMAN: Mr. Chairman, just on a point of information, does the Farm Loan Board, Mr. Chester, supervise their loans much in the same manner as the Veterans' Land Act?

Mr. CHESTER: I would have to have that word "supervise" explained to me.

Mr. SPEAKMAN: This Veterans' Land Act have a staff who are counselling all the time. They are sticking right along with the veterans who are under their supervision and typing them as to groups and advising them as to their livestock problems and that sort of thing. You do not have a staff to do that, I presume?

Mr. CHESTER: No. The supervision that we give usually comes when a man falls in arrears. This might be similar in the case of the Veterans' Land Act in certain instances anyway. At any rate we do supervise the loan when it falls into arrears. We go up and make calls on him and see what the reasons are and make suggestions if there are any.

Mr. SPEAKMAN: But as long as the man is in good standing you pay no attention to him?

Mr. CHESTER: That is right.

Mr. SPEAKMAN: The Veterans' Land Act, of course, are supervising both the successful and unsuccessful and I wondered if you did that?

Mr. CHESTER: There is no demand for it amongst our borrowers and if we did that our costs of administration would pyramid very, very rapidly and you would never be able to maintain a reasonable interest rate providing you had to pay for those services.

Mr. SPEAKMAN: I think that many of those borrowers would resent it, too?

Mr. CHESTER: Yes, our borrowers are generally pretty sound farmers and for us to go and tell them how to farm we would really be in trouble.

Mr. LETOURNEAU: Mr. Chairman, owing to the fact that we have a provincial loan limited at \$8,000 would you give me, Mr. Chester, the percentage of the loans in Quebec that are above that amount?

Mr. CHESTER: I can get it for you.

Mr. LETOURNEAU: Would you do that for me?

Mr. CHESTER: Yes.

The CHAIRMAN: Gentlemen, I believe our time is running out. There is another group coming into this committee room immediately. I have discussed it with the clerk that we meet again on Thursday at 9 o'clock. Would that be satisfactory? Tomorrow is caucus, you know.

Mr. JORGENSEN: Are we going to carry on with this bill?

The CHAIRMAN: We will adjourn now and then continue on.

Mr. JORGENSEN: It is not your intention to go through this now?

The CHAIRMAN: No, the minister suggested that he will be in on Thursday if possible and he will be able to take up the mechanism of the bill, etcetera.

Mr. SPEAKMAN: Might I suggest Veterans Affairs are meeting Thursday too and a good many members of this committee are members of Veterans Affairs and we were given to understand that these two committees particularly would correlate their times.

The CHAIRMAN: I will try and arrange that with the clerk.

Mr. FORBES: Could I have one more question?

The CHAIRMAN: Just one.

Mr. FORBES: How many appraisers have you got in the province of Manitoba and do you always have a local man as appraiser?

Mr. CHESTER: In Manitoba we have three permanent appraisers. They work out of Winnipeg.

Mr. FORBES: All out of Winnipeg?

Mr. CHESTER: Those three, yes. We have six part-time appraisers spread around the province.

Mr. FORBES: Could I ask you who the appraiser is for the Dauphin area? Have you a local man there? Is that a fair question?

Mr. CHESTER: We have a man at Swan River who just comes down to there and then the balance is done for Winnipeg.

The CHAIRMAN: Will somebody move the adjournment of this meeting?

Moved by Mr. Nasserden and seconded by Mr. Letourneau that we adjourn.

—The committee adjourned.

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(HOUSE OF COMMONS

Fifth Session—Twenty-fourth Parliament
1958)

Government
Publication

STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: HAYDEN STANTON, ESQ.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 2

Bill No. C-38

An Act to amend the Canadian Farm Loan Act.

THURSDAY, JULY 24, 1958

WITNESSES:

From the Canadian Farm Loan Board: Mr. F. L. Chester, Commissioner;
From the Department of Agriculture: Dr. J. F. Booth, Chief Economics
Division and Mr. A. H. Turner, Principal Economist, Economics
Division.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1958

REPORTS TO THE HOUSE

WEDNESDAY, July 23, 1958.

The Standing Committee on Agriculture and Colonization has the honour to present the following as its

SECOND REPORT

Your Committee recommends that it be granted leave to sit while the House is sitting.

Respectfully submitted,

HAYDEN STANTON,
Chairman.

THURSDAY, July 24, 1958.

The Standing Committee on Agriculture and Colonization has the honour to present the following as its

THIRD REPORT

Your Committee has considered Bill No. C-38, An Act to amend the Canadian Farm Loan Act, and has agreed to report it without amendment.

A copy of the Minutes of Proceedings and Evidence adduced in respect of the said Bill is appended.

Respectfully submitted,

HAYDEN STANTON,
Chairman.

MINUTES OF PROCEEDINGS

THURSDAY, July 24, 1958.

(3)

The Standing Committee on Agriculture and Colonization met at 9.10 a.m. this day. The Chairman, Mr. Hayden Stanton, presided.

Members present: Messrs. Barrington, Boulanger, Brunsden, Cadieu, Campbell (*Lambton Kent*), Doucett, Fleming (*Okanagan-Revelstoke*), Forbes, Forgie, Hales, Henderson, Hicks, Horner (*Acadia*), Howe, Jorgenson, Gundlock, Kindt, Knowles, Latour, Letourneau, Milligan, Montgomery, Morissette, Nasserden, Noble, Rapp, Richard (*St. Maurice-Lafleche*), Rompré, Smith (*Lincoln*), Southam, Speakman, Stanton, Thomas, Tucker, and Yacula—35.

In attendance: From the Canadian Farm Loan Board: Messrs. F. L. Chester, Commissioner; E. O. Bertrand, Board Member; W. A. Reeve, Secretary; R. M. McIntosh, Chief Accountant. From the Department of Agriculture: Messrs. J. F. Booth, Chief Economics Division; A. H. Turner, M. E. Andal, and R. Fortier, all of the Economics Division.

The Committee resumed consideration of Bill C-38, An Act to amend the Canadian Farm Loan Act.

Mr. Chester supplied information to questions asked at previous meeting, was further questioned and retired.

Dr. Booth, having been introduced to the members of the Committee, read a detailed statement on Rural Farm Credits and was questioned.

Mr. Turner, having been introduced to the members of the Committee, made a brief statement amplifying the Minister of Finance's statement of July 16 on the Resolution preceding the introduction of the Bill in the House.

Dr. Booth was further questioned and was permitted to retire.

Clause I, the Title, and the Bill were adopted.

Ordered,—That the Chairman report the Bill without amendment.

The Chairman thanked the officials for their assistance and co-operation.

At 10.20 a.m., the Committee adjourned to the call of the Chair.

M. Slack,

Clerk of the Committee.

EVIDENCE

THURSDAY, July 24, 1958
9 a.m.

The CHAIRMAN: Gentlemen, kindly come to order. We have the good fortune of having with us witnesses from the Canadian Farm Loan Board and from the Department of Agriculture to discuss, generally, rural farm credits.

I would suggest that since we had a pretty good discussion of the bill the other day, Tuesday, with Mr. Chester, that we get this bill through the committee as soon as possible because the minister desires to have this bill passed through the standing committee so he may bring it up in the house as quickly as possible.

If that is the wish of the committee, let us take as little time as possible with Mr. Chester and bill C-38 and then go on with the other witnesses. Is that satisfactory to the committee?

Agreed.

Are there any questions you would like to ask Mr. Chester?

Mr. HOWE: I was just wondering. The fund is pretty well depleted at the present time, in this Canadian farm loan board, and that is why we have to have this bill?

Mr. F. L. CHESTER (*Commissioner, Canadian Farm Loan Board*): Yes. At the present time our best guess is that we will not be able to make any commitments after about August 15. That is we shall have committed ourselves to \$80 million, and we cannot borrow any more until this bill is through the house.

Mr. HOWE: Does the fact that you are getting close to that danger point have the effect of slowing down the actual processing of loans?

Mr. CHESTER: No, not at all. We disregard that. We hope the bill will be passed before August 15.

Mr. HOWE: I know of an applicant who has been notified that he will get a loan. How long does it usually take after a loan has been approved for the applicant to receive the money?

Mr. CHESTER: As soon as the loan is approved we offer the loan to the applicant but sometimes there is a bit of delay on his part in accepting it. The minute we have his acceptance, the application is automatically turned over to our solicitors. They have to do the legal processing, draw the mortgage, search the title, and carry out the legal requirements.

Sometimes that work is done very quickly while at other times there are complications which delay it. It is out of our hands, once it is in the hands of our solicitors.

We try to keep after our solicitors all the time to have them do their processing as quickly as possible. But there are complications which arise such as with estates, individuals, distances, and various things.

But once an applicant has been advised that a loan is approved, it is in the hands of our solicitors. However, if the applicant is in an emergency and has need for the funds, generally speaking, he can always go to his banker and borrow against our commitment, whereupon we would pay the bank instead of the other creditors.

So wherever we see an indication of that kind we attempt to tell our applicant that he can do this—that is, go to his banker and borrow against our commitment, and we will pay the money to the bank as soon as all the legal processing is done.

Mr. HALES: In view of the fact that this fund is almost depleted now, and with the return of your money spread over a greater length of time, and with the increase in applications which you have, I wonder if this increase is enough for you to carry on your operation?

Mr. CHESTER: Our guess is that this will carry us along. We anticipate \$30 million business this year which is quite a large amount of business as you will agree.

We also anticipate the collecting of principal from our present borrowers in the amount of about \$5 million.

This sum might be less or it might be more but we think it will be in that neighbourhood. So we shall borrow from the Minister of Finance close to \$25 million.

We also have a refunding issue of \$5 million coming due on December 1st of this year.

I would say that from present indications \$120 million of borrowing power will last us a year and a half, possibly two years.

Mr. YACULA: I would like to have some information. I notice that the authorized capital has been increased to \$6 million and that you multiply it by twenty. How do you arrive at that figure of twenty?

Mr. CHESTER: That is in our act. The act says that the minister may loan to the board to the extent of twenty times the capital stock of the board.

Mr. YACULA: Why not pick a figure of thirty, or some other figure?

Mr. CHESTER: The act says twenty. It means that you have five per cent of your investment in capital, which is just about the minimum amount of capital which you should have for a business of this type.

Mr. JORGENSEN: You said there had been some changes made in the act a couple of years ago. Were those changes made in the form of an amendment to the act?

Mr. CHESTER: Yes.

Mr. JORGENSEN: Or were they simply changes in the methods?

Mr. CHESTER: There were changes in both regards. The act was changed very considerably. Our maximum loans were increased from 60 per cent to 65 per cent; in dollars, from \$10,000 to \$15,000; and in terms from 25 years to 30 years.

One of the factors that has made our loaning more acceptable to farmers is the elimination from our lending of second mortgages. We do not lend on second mortgages any more.

That was a short six year maximum term and it had to be secured collaterally by a chattel mortgage on livestock and equipment. But that has been eliminated from our act and no more do we loan on second mortgages, and no more do we loan on the value of chattels.

Further, I would say that as a result of representations made at this committee and as a result of our observations, there have been considerable changes made in the policy of the board within the operations of the board itself.

Mr. JORGENSEN: I think there are quite a number of farmers who do not know that changes have been made and I think there are some bankers as well who do not know about it because I still receive many letters from bankers who base their objection to the act on the restrictions which were in effect prior to the time that the changes were made.

Is it possible to get a list of these changes? If so, I would not mind passing them around to the inspectors.

Mr. CHESTER: I think that they are pretty well covered in the statement which I made at the last meeting of this committee.

Mr. JORGENSEN: You mean in the printed statement?

Mr. CHESTER: Yes. I think you can pick-out those changes because they are listed in the statement.

I think you will recall that an hon. member of the committee suggested that a lot of the complaints antedated our 1956 amendments. It was just exactly two years ago that those amendments were made, and we have passed through only one full fiscal year with those changes in effect. But those things do not become public knowledge over night.

It is just gradually becoming known about our changes and about our increased lending.

Mr. FORBES: 65 per cent is the limit of what you can loan on a farm?

Mr. CHESTER: That is what the act says.

Mr. FORBES: And the limit on the capital amount is \$15,000?

Mr. CHESTER: That is right, to any one person.

Mr. FORBES: In many areas \$15,000 would acquire only a quarter section. Do you not think it would be a good idea to increase the percentage of the loan by 90 per cent of \$15,000 or increase the total capital to \$20,000?

Mr. CHESTER: That is a matter of government policy.

Mr. FORBES: Mr. Chairman do we have the privilege of recommending it here?

The CHAIRMAN: I think not, Mr. Forbes. We can discuss it to a certain extent but we must stick to the bill.

Mr. FORBES: Where would one make such a recommendation, Mr. Chairman?

The CHAIRMAN: Perhaps we may have another meeting on that line shortly. On second thought, perhaps we had better continue with the other witnesses from the Department of Agriculture.

Are there any further questions you would like to ask Mr. Chester?

Mr. CADIEU: Since you have discontinued accepting second mortgages, has it resulted in many more applications being turned down?

Mr. CHESTER: No. Our number of declined applications is less than previously.

There were three or four questions asked at the last meeting and I now have the answers to them.

The CHAIRMAN: Very well.

Mr. CHESTER: Mr. Forbes of Dauphin asked for information concerning the age of borrowers.

With respect to the loans which we made last year—that is the fiscal year 1957-58—91.2 per cent of the borrowers were 60 years of age or under.

52.6 per cent were 45 years or under, 19.9 per cent were 35 years or under. These could be compared to the ages of farmers as given by the census of 1951 which shows of all farmers in Canada 80.4 per cent are under 60 years of age, and 21.3 per cent are under 35 years of age. You will see by that the proportion of loans in these age groups compares almost identically with the age groups of the farmers themselves.

Mr. FORBES: I take from that there must be a number of young farmers having the benefit of these loans?

Mr. CHESTER: Yes, 20 per cent of our borrowers are 35 years or under.

Mr. Montgomery of Victoria-Carleton made some comment regarding the appraised values in New Brunswick. This required quite a bit of research to obtain this answer. However, for loans made last year the appraised

values were 91 per cent of market values. You have a bit of fluctuation in New Brunswick in values in the potato areas especially, and that might account for that difference.

We have figures in regard to Prince Edward Island which is more stable as far as values are concerned and our appraised values in Prince Edward Island are 97.5 per cent of market values.

Mr. Brunsden of Medicine Hat made some comment concerning the loans in Alberta about the board reducing applications and here are the figures for last year's loans. 46 per cent of the applications were approved for loans less than applied for, 44.2 per cent were approved for the same amount as applied for, 9.8 per cent were approved for a larger amount than was applied for.

In dollars, of the loans made last year, applications were for \$3,187,786 of which \$2,904,300 were approved which is 91.1 per cent of the total amount applied for. That is for Alberta.

Mr. Letourneau of Stanstead requested to know how many loans were made in Quebec over \$8,000. Last year there were 26 of these totalling \$287,500. This represents 22 per cent of the total number and 43.1 per cent of the total amount of loans made in Quebec last year.

I think those are all the questions that were unanswered at the last meeting.

The CHAIRMAN: Thank you, Mr. Chester. With the consent of the committee now, we have with us Dr. J. F. Booth, chief of the economics branch of the Department of Agriculture, and Mr. A. H. Turner, marketing section of the economics branch, also the stabilization vice chairman, Dr. M. E. Andal and Mr. R. Fortier.

I will ask Dr. Booth for a few comments and then Mr. Turner, and then you may ask questions.

Dr. J. F. BOOTH, (*Chief, Economics Branch, Department of Agriculture*): Mr. Chairman and gentlemen. I would like to say at the outset by way of introduction that those of us who are here from the Department of Agriculture are not associated directly with any of the actual operating credit organizations and in that sense, therefore, we do not profess to be specialists or have any intimate knowledge of the operations of agencies such as the Farm Loan Board which you are discussing.

We were asked last fall by our minister the hon. Mr. Harkness, to make some review and study of the existing credit facilities in Canada and elsewhere, and we have done that. A little later in my remarks, if I may, I would like to outline very briefly the nature of the material we have brought together.

It was suggested that since the committee is in the beginning of its study of the credit picture it might be appropriate if I were to refer briefly to some background because that in a sense might set a basis or give a setting to the sort of discussion that might follow.

In that connection I fully appreciate, of course, that anything I might say may be a duplication of something that has been said already and certainly it will be information which is known to some of you, through your contacts and your study of this question.

First, considering the various kinds of credit, we first think in terms of short term credit, credit of a seasonal nature to purchase feeds, fertilizer, gas and oil, to pay living expenses, to pay labour, and similar operating and living expenses of that nature. We think of that in terms of being credit for a few months to a year or so in extent.

Intermediate credit we think of for the purchase of livestock, the purchase of farm machinery, for financing and similar expenditures of a somewhat longer duration. Two to three years generally is the term, occasionally five years, and under some circumstances these loans even run up to ten years.

Then there is the long-term credit, with which I take it the committee is more concerned, credit to buy land, to erect buildings, to build fencing, tile drainage, clearing and breaking land and things of that kind. So much then for the kinds of credit.

As to the matter of variation of credit structure and use, there are very great variations in different parts of Canada over a period in this respect. Climate, geography and topography can affect, for example, the development of different types of agriculture in different parts of Canada and therefore affect the credit needs and the type of machinery developed.

Custom and historical background also have an effect upon these things.

Then, as you know, this country is divided broadly into four regions, agriculturally, and the types of agriculture in general differ quite appreciably. The prairie provinces particularly are more or less distinct in this respect and the area where probably the greatest demands have been made upon credit, at least in fairly recent years.

Now, with respect to jurisdiction I might say a word if I may. In the first place the provinces have jurisdiction over property and civil rights and these are related to the nature of credit. Each province has its own system of registration of land, each determines the kind and the form of security that may be taken, each determines the procedure to be taken in realizing on securities.

The federal government has jurisdiction over banking and currency, interest rates and bankruptcy. Where there is a conflict between federal and provincial interests in those matters the federal legislation prevails.

Now, with respect to changes in credit requirements—and here I think is rather an important consideration—in the early colonial agricultural period of this country the credit capital requirements were quite limited as we think of them today. Land was relatively free in many instances or relatively cheap in all cases. In 1893, for example, the average price of land sold by the railway companies and the Hudson Bay Company was \$2.93 per acre, and in 1900 the price was only \$3.27 per acre which is a quite different picture and has a quite different effect upon credit requirements to what we experience today.

In that period machinery needs and costs were very low. Living costs were low: farms were more self-sufficient than they are today, farming then was conducted in areas of diversification where the demand on credit and capital requirements was more limited because of the trend of getting a living from the farm and from the fact that anything that was obtained was more evenly dispersed throughout the year.

Credit provided was by local people in those early periods, by other farmers and from merchants and other people in the community. What I am trying to point out is that the structure of the credit needs was quite different in this earlier period.

The greatest effect on credit requirement was caused by the western expansion and by the trend toward larger farms. In that area people encountered the one-crop type of agriculture where crop hazards were very much greater than the older, more humid, more diversified parts of eastern Canada, and there was less self-sufficiency.

Methods of marketing were quite different in a one-crop agriculture, where the sales were made at one period of the year, and so in those days the farmer had to have credit to carry over the extended period in which there was relatively little or no income in the fall and winter months. There was limited income in those earlier days in the western part at least from livestock.

World War I represented in a sense a turning point in the credit needs, and a great increase in the cost structure came about.

Railway land, for example, and Hudson Bay land in 1918, the average price was \$18.71 on their sales as against the \$3 sum which I mentioned for a period

only 10 or 12 years earlier. In other words they had gone up nearly six times since 1900, and there was great borrowing to finance expansion in the war production program and in the changes in agriculture that were current at that time.

These changes, particularly the shifting towards mechanization, began to take place a little earlier than that, about the turn of the century. The decade from 1900 to 1910, for example, witnessed an increased use of binders, seed drills, gang ploughs and disc harrows.

From 1910 on, there were still greater changes during the war period and immediately afterwards, the shifting trend towards power equipment, which many of you will remember—large steam tractors and gasoline tractors and the new large platform ploughs, early headers etc. This meant a new cost structure for agriculture and greatly increased the expenditures required for the capital needs of agriculture.

From 1920 to 1930 that trend continued—steam tractors, the earlier combine and the header which I have mentioned. That type of large scale expensive equipment came into play during that period.

Then, because of the fact that it was discovered that the west at least could not operate on 160 acres or even on 320 acres in many areas, that led to the need of great expansion in the size of farms, and that in turn imposed requirements on the credit structure.

I would like to point out that that condition at that period was a necessary condition, a necessary expansion, a necessary development not only to meet competition elsewhere but to take advantage of the climatic conditions, the type of land that prevailed in the area where that one crop type of agriculture prevailed and where this great expansion took place.

So we have during that period a tremendous expansion and a greatly increased demand on credit facilities.

Then, World War II further amplified this whole picture, with the great reduction in manpower that occurred at that time on farms, we estimate there was approximately a 25 per cent reduction in the labour force during the World War II period, and a greater shift to mechanization again because of that.

Speaking from memory now I think the increase in sales of agricultural equipment reached a point of around \$250 million a year in certain of those years. It had actually reached a low point of less than \$20 million during the 1930 period. So there was a great expansion in the need for mechanization because of the changing conditions and particularly because of the reduced labour force on farms.

The post war period then again was characterized by a great urban and industrial expansion which still further drained manpower from agriculture and still further increased the requirements for credit.

That is a sort of hurried summary of the background which leads into the present conditions in agriculture as we see them, creditwise. Then the question arises: what has been done to try to meet this changing need.

Sources of credit, then. First with respect to short term or seasonal credit which I spoke of earlier, the banks have been the major suppliers. They have not only financed farmers in their seasonal needs but they have also financed the agencies handling farm product—grain, feed and livestock. Marketing agencies, cooperative associations and other agencies—the wholesalers and retailers who have handled farm products—have also financed the merchants, who have extended a good deal of credit to farmers. They have financed the garages that handle the repairs and gas and oil, and so on. And until recently at least they have financed the farm machinery companies on quite a large scale.

Then there have been in recent years credit unions in quite a large way and, of course, throughout the whole period there has been a good deal of credit by individuals.

In the intermediate credit field the banks, under the Farm Improvement Loans Act, have been the principal suppliers of intermediate credit in recent years. The extension of grants under the Farm Improvement Loans Act has been a very large development as you know. Merchants selling farmers home equipment are still carrying a substantial amount of credit. Lumber companies, some farm machinery companies or truck and tractor companies are carrying a good deal of farm credit, as have been credit unions and individuals. These are the sources of funds of the intermediate type.

With respect to long-term credit, mortgage credit as it is commonly referred to, the latter half of the nineteenth century witnessed the introduction of a considerable number of agencies of the mortgage credit type, particularly in the east. These agencies later expanded to the west and to all of the provinces. After 1900 mortgage companies' loans, and trust and insurance companies' loans shifted to the west largely and their operations were on a very extensive scale.

Loan companies really began in Ontario as building societies around the time of confederation and then extended their activities. They accepted savings and deposits; they sold debentures to the public; they originally made long-term mortgage loans and—well, examples of that type of institution is the Canada Permanent Trust Company, Credit Foncier and others.

Trust companies have been a factor in the past. They have acted as executors and administrators of estates; they have accepted savings; they sell debentures, and they have loaned money on farm mortgages on the same basis as loan companies and life insurance companies.

I might say that in 1939, according to our records, the loan companies, trust companies and life insurance companies have been operating also in agreements of sale on farm loans amounting to approximately \$30 million, on farm mortgages they held, totalling \$129 million at that time. That was in 1939.

In 1955, however, these insurance agencies, trust companies and loan companies—their holdings of farm mortgages had been reduced to \$32 million and their actual loans in 1956, I believe, totalled about 3½ million.

So the point there is that there has been a great change in the volume of credit extended by these three types of agencies—mortgage companies, loan companies and trust and insurance companies.

Now, just referring for a moment or two to government participation in this field—and then I will conclude this reference at least. Provincial governments got into the farm lending field of activity at quite an early date. Nova Scotia in 1912 enacted a Lands Settlement Act; New Brunswick in the same year introduced a Farm Settlement Board which involved credit extension; British Columbia in that same period, 1915, to be exact, introduced two acts, one called the Agricultural Act, to make loans of three different types, and in 1917 introduced a Land Settlement and Development Act.

Manitoba had two types of government-sponsored loans. In 1917 the Manitoba Farm Loan Association was formed and in 1917 also legislation to establish a Rural Credit Society. Loans of this kind were supplied by private banks for the first three years. After that the banks ceased to extend credit under that scheme.

In Saskatchewan the Farm Loans Act was passed in 1917 and carried on until 1935, at which time it ceased to operate except to wind up loans.

In Alberta in 1917 the Farm Loans Act was passed and also a Cooperative Credit Act.

In Ontario an Agriculture Credit Board was established in 1921 to deal with long and short-term loans; and in Quebec in 1929 a branch of the Canadian Farm Loan Board was established.

In 1936 the Quebec Farm Credit Act was passed. Up until 1956 the facilities in Quebec had loaned up to \$134 million and had outstanding at that time about \$83 million.

Now, Mr. Chairman, that in a rather hurried way is a sort of resume of the development of the credit needs in agriculture, the changing pattern of that need and a brief reference to the facilities that have been established over the years to try to provide that kind of credit; and you will recognize at once the very significant changes.

Perhaps the most significant change is the withdrawal or the greatly reduced activities of the farm mortgage companies, trust and loan and insurance companies. Their activities in the field of agriculture are very, very limited today compared with the previous operations.

The other significant thing, perhaps, is the efforts made by provincial governments to develop the credit machinery experience those agencies had gained before the abandonment of the activities in most of the provinces. In fact at the present time Quebec is the most active province in the field of farm credit lending.

Now, I think, Mr. Chairman, that is all I should say and perhaps I have taken more time than I should have on that phase of the program. If you wish I will now indicate something of what we have done at the request of our minister last fall.

The CHAIRMAN: Is that acceptable to the committee?

Agreed to.

Mr. BOOTH: Mr. Harkness asked us last fall to give some consideration to the present credit facilities here and elsewhere and also to examine the viewpoint of the agencies that have expressed themselves to us, and so on.

With that in mind, the economics division has given some study to the matter and has prepared some material which, of course, is at the present time in a tentative form and perhaps in no sense complete.

At the request of the minister we have examined the agencies now in operation,—that is, the Canadian Farm Loan Board, the Farm Improvement Loans Administration, the Veterans Land Administration and the Central Mortgage and Housing Corporation.

Let me say at the outset by way of preface that we have not made a detailed, critical examination of these agencies. That was not within our power and certainly was not within our terms of reference. So that our review of these is essentially a review of the principal activities and the manner in which these agencies function.

Then, we have also reviewed the provincial agencies and particularly those that now are in operation, the Alberta Farm Purchase and Credit Act, the Ontario Junior Farmers Establishment Loans Act, the Quebec Farm Credit Bureau and the Nova Scotia Land Settlement Board. We have also attempted to get the information for all private lending agencies.

In the intermediate field we have spent some time with the Farm Improvement Loan people. We have also taken a look at the very limited provisions in this field in the provinces and some consideration to the limited information on lending operations of individuals.

Our report in the short-term field refers to credit unions and to banks, and to the activities of merchants and individuals. That part refers to the machinery we now have in Canada and its activity.

Then, we have reviewed the credit facilities in other countries, that is, the countries that are major agricultural countries in the export field or in

the field of competing with Canada—the United States, the United Kingdom, New Zealand, France, Germany, Denmark and the Netherlands.

Then that was followed with a review of the studies that have been made by various agencies with a view to bringing together into one place the ideas and recommendations of such agencies as various royal commissions—the royal commission on Canada's economic prospects which reported a year or so ago, the Saskatchewan Royal Commission, the royal commission of Nova Scotia and the commission that operated in Newfoundland and then the views of the Canadian Federation of Agriculture on the matter of credit needs.

Then, we have considered some possible alternatives for the expansion of farm credit.

This then is followed by a sort of comparison which gives some indication of the capital structure of Canadian agriculture today. This gives the farm indebtedness and credit requirements, at least the farm indebtedness picture and credit requirements of different types of farms.

This latter information is based upon studies that the economics division has made over the years, not particularly with respect to farm credit but more with respect to the structure of our Canadian agriculture, as to the capital investment in it and the relation of capital to efficiency in agriculture and other phases of the farm program.

We have, as I say, brought together considerable information on the actual capital in use in agriculture in different parts of Canada by type of farm—in groups perhaps I should say.

That then, Mr. Chairman, is the scope of the inquiry which we have carried on at the request of the minister.

The CHAIRMAN: Thank you, Doctor Booth. I believe now we will call on Mr. Turner and then throw the committee open for any questions which you desire to ask the witnesses.

Mr. A. H. TURNER (*Marketing Section, Economics Branch*): I don't know, Mr. Chairman, that I have to add too much other than just as a point of clarification. The Minister of Finance in speaking to the House the other day mentioned that at the present time a comprehensive study would be made of three different phases of agriculture. At the present time there is a committee of three, an inter-departmental committee headed by Mr. Abell of the Policy Division of the Department of Finance and Mr. Rutherford of the Veterans Affairs Department and myself, as the third member of the committee from the Department of Agriculture.

This committee's purpose as indicated by the Minister of Finance is a comprehensive study and review. Doctor Booth has already indicated some of the study that has already been done. The committee's job, as I see it, is largely to do what the Minister of Finance said that, we should get this material plus the views of various of these farmers' unions and others and get it into consolidated form for advice of the government within the next two or three months so that they can be in a position to make recommendations for action. I do not think I can go too much further other than to say that the committee is at present discussing and reviewing all the material available including the study mentioned by Mr. Booth; also, at the present time, the chairman is in western Canada and the other two members plan to meet him out there shortly. We will discuss, with selected representatives of the provincial governments, farm organizations, and others, matters relating to these programs which have been suggested, in addition to the technical aspects of credit such as raising the loan rates and whatever expansion might be considered.

There is also the matter as to the extent to which the guaranteeing of direct loans should be made policy. I think that a number of the briefs have recommended subsidies of administration and of interest. This is the type of general and more intensive review which is going on together with the job of giving supervisory service to the government for their own policy of action.

I just wanted to make that statement so that the committee would have it before them so that they would have a little wider clarification of the statement made by the Minister of Finance in the House the other day.

The CHAIRMAN: Thank you. Are there any questions?

Mr. HOWE: I am wondering what the significance was of the private lending institutions, insurance and trust companies, withdrawing from the field of farm credit as drastically as they did a few years ago.

Mr. BOOTH: The question is: what was the reason for that?

Mr. HOWE: Yes.

Mr. BOOTH: That is probably a field in which there would be some difference of opinion. I think probably with the conditions in the 'thirties that agriculture was very hard hit and farm incomes were reduced very appreciably.

Most credit agencies did take a substantial cut in their returns, reduced interest rates, and even compromises of various kinds in respect of loans.

Mr. HOWE: That was not only in regard to agriculture.

Mr. BOOTH: No; but I think probably a review of the private lending income structure at that time would indicate that agriculture was perhaps hit harder than most other groups in the community. In recent years the other side of that picture is the greatly increased opportunity in the urban housing field, and in other respects, for the placing of credit. These agencies have found it is easier to handle and perhaps a little less expensive to operate under the National Housing Act which has contributed to that development. I think it is a combination of at least those two things and perhaps other things.

Mr. KINDT: The Canadian Farm Loan Act, as I understand, is administered under the Department of Finance. There must be some sound reasons why this act is administered under the Department of Finance instead of under the Department of Agriculture. Is there anyone here who can shed some light on that.

The CHAIRMAN: That is a question which I, myself, have often wondered about.

Mr. KINDT: May I, in some way or other have my question answered before we proceed?

The CHAIRMAN: Mr. Chester, could you answer this question?

Mr. CHESTER: I do not think so, other than to say, as I understand it, all lending of money—and you may correct me if I am wrong—by the government is through the Department of Finance.

Mr. KINDT: Since there is no one here who has the information and the answer to that, I would like to go on record as saying, in matters so important as farm loans, we ought to put the Department of Agriculture back together and have people making decisions concerning farm loans, long-term, intermediate and short-term credit, like Doctor Booth who know something about it.

Mr. THOMAS: Possibly the question I am about to ask will have some bearing on the question asked by Mr. Kindt. Doctor Booth, who has been working in connection with agriculture for a great many years, may have some ideas on it. Also, if my question is an unfair question then you can simply say no. Why is it necessary to set up in Canada a special agency for farm loans rather than have agriculture, like any other of our industries, go into private money markets and finance themselves?

Beginning back about 1912, as Doctor Booth has pointed out, the provinces began to get into the farm loan business and gradually things have developed so that now the governments have taken up, for the most part, the farm loan business. What is the fundamental reason back of that? Why should not the

manufacturers also have special agencies set up to furnish them with credit? Perhaps they have such agencies of which I am not aware. But, what is the fundamental reason why the government has to get into the farm loan business?

Mr. FORGIE: Is it because the farm loans are more or less frozen and the trust companies, insurance companies and banks do not like this kind of credit. They have a much better opportunity to gain a higher return on their money. If the government did not step in to help the farmers, the farmers would not be able to carry on farming.

For instance, from 1939 to 1953, in Saskatchewan alone, the loans were reduced from \$37 million down to \$7 million, in the figures which I saw.

Mr. HICKS: Mr. Chairman, is there not quite a lot of activity right now in attempting to obtain a small and long-term business loans as compared to the so-called agricultural loans.

Mr. THOMAS: We have an industrial development bank set up to help small business, but the operations of this bank have been very restricted up until the present time.

Mr. FORBES: Part of the answer is that agriculture has been regarded over the years, due to the fact that they have no security, as rather a poor risk. I think that a farmer could still obtain sufficient money from insurance companies if he paid a high enough interest rate. The government, I think, got into this in order to make money available at a reasonable rate to the farmers.

Mr. BRUNSDEN: The main reason why the government is in this business would be revealed by the history of losses in respect of farm loans. Has Doctor Booth ever assembled any information in respect of foreclosure and write-off of farm loans in western Canada?

Mr. BOOTH: No, Mr. Chairman; we have not, as far as I know, collected any information on that. However, there is undoubtedly a good deal of information available under the Farmers' Creditors Arrangement Act which operated so extensively during the 'thirties. I am afraid I have no information or help on that point.

Mr. SOUTHAM: Doctor Booth has brought some light on the picture of the economic change and the necessity for loans being made to farmers and I think had it not been for the government stepping into the field and being a little more benevolent in their attitude towards these loans, that we would have found ourselves economically in a much more precarious position than we are now. I think the whole trend is that we get more liberal attitudes on the part of the lending agencies, due to the accelerated changes taking place in industry, both in longer term and increased amounts of loans.

I made the comment the other day that I would like to tie in with the loaning some sort of supervision as far as the applicant is concerned in an effort to give him more economic advice at the time he is making an application for a loan.

Mr. HALES: Has the committee studied the matter to an extent which would enable them to come up with any suggestion as to the duplication as between the provincial and federal loans, for instance the Canadian Farm Loan Act vis-a-vis the Canadian Junior Farmers' Establishment Act? I can visualize a situation where the appraiser for the Canadian Farm Loan Act drives down a concession road and perhaps meets an appraiser of the Ontario government going in the opposite direction; they are both appraising land, but there is considerable overlapping, as I see it, in a very costly operation.

Mr. BOOTH: Mr. Chairman, the committee has not given special consideration to that matter; but it is noted, for example, that the Nova Scotia royal commission draws attention to the activities of both the Federal Farm Loan

Act and the Nova Scotia agencies in that province and suggests a combination of effort which would, in their view, help to eliminate some of that. I would say that perhaps their recommendations in this respect are not related entirely to the matter of duplication of costs of the two agencies which are operating, but perhaps in a certain field it would be more logical to have the two agencies combined in some way. We have not, to date, given consideration to that.

Actually, there are only three or four provinces in which there is a duplication of effort, or competition shall we say, and in most instances it is not, in my opinion, too extensive. Therefore, I do not think I can say anything more on that. It seems to me it is a point which Mr. Abell's committee might well take a look at when visiting the provinces and it could go into the detail of the operation of these provincial agencies.

Mr. MONTGOMERY: In some of the provinces the scheme is a little more generous. In New Brunswick, for instance, a good many farmers can purchase a farm and get started under their Farm Settlement Board Act when they cannot obtain a loan from the Canadian Farm Loan Board at all. The Canadian Farm Loan Board has to keep on a sound basis in respect of their banking arrangements and they take no chances; whereas the provincial agency I would say, on the other hand, is far more generous and takes more chances.

Private individuals have simply gone out of the loaning field in respect of agriculture. If a man sells his farm he wants cash; he does not even want to take back a mortgage. If a farmer has money he prefers bonds or stocks and he will not take a farm mortgage. I think it has been probably due to the fact that—in discussions which I have heard—the government has come into the field and everybody expects the government to provide all the capital for agriculture; secondly, I think it is a risk because so often farmers get behind on their interest and their payments and the person who is loaning the money cannot depend on dividends and interest at certain times. That means that the government, I think, has to go quite a lot further now; they should be far more generous in respect of these loans. The government has got to take more risk. If the government does not, nobody else will.

I am not so sure that you can consider agricultural loaning on a sound basis too much. You have to consider which is the most important really, loaning or agriculture, and you have got to take more chances in lending money out to farmers and if there are losses they must be absorbed.

Mr. FLEMING (*Okanagan-Revelstoke*): Can even the government afford to do that?

Mr. MONTGOMERY: What is the difference between doing that and letting a farmer work out his own salvation, or the government guaranteeing subsidized prices and subsidizing this and that in order to give him enough money in order to help the few who do get help. You are going to do it in one way if not in another way.

Mr. KINDT: I do not think you had in mind a hand-out from the government but rather a combination of sound loaning and a liberal portion which would give the farmers a loaning program which would meet their needs.

I submit, Mr. Chairman, that the present Canadian Farm Loan Act does not meet the farm loan needs. I would like to ask what is being done by the Department of Agriculture, or I should say by the Department of Finance, since they administer the Canadian Farm Loan Act, to bring before the government an act which will be adequate in every respect to serve the needs of the farm people?

Mr. HENDERSON: In my part of the country, that is in the Peace River country, we have the largest credit union in Canada. It has been by far the most successful in lending money to young farmers and helping them to start up. We never hear about the Canadian Farm Loan Act up there. I met a young fellow who came along and asked about a farm and the credit union started

him up. The credit union starts up many young farmers. If a farmer needs a tractor he goes to the credit union; he would not think of going to the bank and there are seven at Dawson Creek. You might be able to get a couple of hundred dollars to buy gasoline, but that would be the limit.

This credit union has gone all out and is the largest credit union in Canada. Their losses have been nil. I have lived there all my life and I am acquainted with it. They do not have an appraiser going around, and I know that these young fellows who are starting up can get a loan in a week.

I bought a quarter section and borrowed the money in order to buy it and I had the money in five days. They have been very successful and I, myself, think that agriculture is a good risk in that country.

Mr. MILLIGAN: I did not intend to say anything today; but I think we will all have to admit the reason the government is in the lending field is because of the insecurity which there has been in agriculture. It is just impossible for a farmer to go to anyone and obtain a mortgage. I think that is borne out by the fact that we are issuing longer term loans, thirty years, and some are asking for forty years. There is not very much incentive for anyone going into the farming business when he has to take thirty or forty years to pay off a large debt.

I know a chap who bought a farm for \$8,400, but when he came to get a loan, the 65 per cent of the earning power brought the loan down to around \$5,000. It was not enough to do anything with, with the result that his father had to put up his own farm as security. It was lucky that his father was there. A man cannot go out and start up without the backing of someone else.

Mr. THOMAS: May I make the request that this fundamental question be dealt with in this report when it is prepared; that is, the reason why it is necessary for the government to get into the farm credit picture.

The CHAIRMAN: I think this committee that is set up will be able to deal with that.

Mr. KINDT: There is one additional point. I have not had answers to either of the two questions which I have asked and the answers are extremely important. There was first, the question of putting the Department of Agriculture back together and the question as to why this Canadian Farm Loan Act is administered by the Department of Finance. The second question is: what steps are being taken to bring before the government an adequate farm loan act?

We are asked here, in this bill, to increase the loaning power or to increase the funds for the Canadian Farm Loan Act. Will I have to bring this up on the floor of the house?

The CHAIRMAN: I believe that would be a question of policy. I see that the minister stated in the house on July 16 that the government is making a comprehensive study along that line. I am sure, Mr. Kindt, if you ask the Minister of Finance and the Minister of Agriculture personally that they would give you the answer.

Clause 1 agreed to.

The enacting clause agreed to.

The CHAIRMAN: Shall the title carry?

Agreed to.

The CHAIRMAN: Shall I report the bill without amendment?

Agreed to.

The CHAIRMAN: I thank you, gentlemen, and also on your behalf I wish to thank the witnesses, Mr. Chester, Doctor Booth and Mr. Turner and also the officials who are here today. We thank you very much.

The committee adjourned.

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HOUSE OF COMMONS

First Session—Twenty-fourth Parliament

1958

Government
Publications

STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: HAYDEN STANTON, ESQ.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 3

Report of the Canadian Wheat Board for Crop Year 1956-57

MONDAY, AUGUST 4, 1958

WITNESSES:

Hon. Gordon Churchill, Minister of Trade and Commerce; From the Canadian Wheat Board: Messrs. W. C. McNamara, Chief Commissioner; W. E. Robertson, Commissioner; D. H. Treleaven, Secretary, and C. E. G. Earl, Comptroller.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1958

STANDING COMMITTEE
ON
AGRICULTURE AND COLONIZATION

Chairman: Hayden Stanton, Esq.,

Vice-Chairman: W. H. Jorgenson, Esq.,
and Messrs.

Argue,	Henderson,	Racine,
Barrington,	Hicks,	Rapp,
Boivin,	Horner (<i>Acadia</i>),	Ricard,
Boulanger,	Howe,	Richard (<i>Kamouraska</i>),
Brunsdon,	Kindt,	Richard (<i>St. Maurice-</i>
Cadieu,	Knowles,	<i>Laflèche</i>),
Campbell	Latour,	Robinson,
(<i>Lambton-Kent</i>),	Leduc,	Rompré,
Doucett,	Létourneau,	Rowe,
Dubois,	McBain,	1. Smith (<i>Lincoln</i>),
Dupuis,	McMillan,	Southam,
Fleming (<i>Okanagan-</i>	Michaud,	Speakman,
<i>Revelstoke</i>),	Milligan,	Thomas,
Forbes,	Montgomery,	Thompson,
Forgie,	Morissette,	2. Thrasher,
Godin,	Muir (<i>Lisgar</i>),	Tucker,
Gour,	Nasserden,	Villeneuve,
Grills,	Noble,	Winkler,
Hales,	Peters,	Yacula—60.
Hardie	Phillips,	
Gundlock,	Pugh,	

M. Slack,
Clerk of the Committee.

1. Replaced by Mr. Pascoe on Monday, August 4.
2. Replaced Mr. Fane on Monday, August 4.

ORDER OF REFERENCE

House of Commons,
MONDAY, August 4, 1958.

Ordered,—That the name of Mr. Pascoe be substituted for that of Mr. Smith (*Lincoln*); and

That the name of Mr. Fane be substituted for that of Mr. Thrasher on the Standing Committee on Agriculture and Colonization.

Attest.

LEON J. RAYMOND,
Clerk of the House.

MINUTES OF PROCEEDINGS

MONDAY, August 4, 1958.

(4)

The Standing Committee on Agriculture and Colonization met at 9.35 a.m. this day. The Chairman, Mr. Hayden Stanton, presided.

Members present: Messrs. Argue, Brunsdon, Cadieu, Campbell (*Lambton-Kent*), Doucett, Forbes, Gour, Hicks, Horner (*Acadia*), Jorgenson, Gundlock, McBain, Milligan, Montgomery, Morissette, Muir (*Lisgar*), Nasserden, Noble, Phillips, Pugh, Rapp, Ricard, Smith (*Lincoln*), Southam, Stanton, Thomas, and Tucker. (27).

In attendance: Honourable Gordon Churchill, Minister of Trade and Commerce; *From the Canadian Wheat Board:* Messrs. W. C. McNamara, Chief Commissioner; W. E. Robertson, Commissioner; C. E. G. Earl, Comptroller and D. H. Treleven, Secretary.

On motion of Mr. Montgomery, seconded by Mr. Tucker,

Resolved,—That the Committee print 750 copies in English and 250 copies in French of its Minutes of Proceedings and Evidence in relation to the Annual Report of the Canadian Wheat Board for the crop year ending July 31, 1957 and the Report of the Board of Grain Commissioners for 1957.

The Chairman introduced Mr. McNamara and the Committee proceeded to the consideration of the Report of the Canadian Wheat Board for the Crop Year 1956-57.

Part I of the Board's Report was read and questions were answered by Messrs. Churchill, McNamara, Robertson and Treleven.

The following sections of Part I of the Report were approved:

1. General Comment—Crop Year 1956-57
2. Canadian Crop Development and Supplies
3. Legislation
4. Transportation
5. Delivery Quotas
6. Shipping Policy
7. Handling Agreement
8. 1956-57 Pool Account—Wheat
9. 1956-57 Pool Account—Oats
10. 1956-57 Pool Account—Barley
11. Payment Division
12. Legal Department
13. Staff and officers
14. Advisory Committee.

At 12.30 p.m. the Committee adjourned until 3.30 p.m. this day.

AFTERNOON SITTING

(5)

The Standing Committee on Agriculture and Colonization resumed at 3.45 p.m., the Chairman, Mr. Stanton, presiding.

Members present: Messrs. Brunsdon, Cadieu, Dubois, Fane, Forbes, Gour, Gundlock, Hicks, Horner (*Acadia*), Jorgenson, Milligan, Montgomery, Morissette, Muir (*Lisgar*), Nasserden, Pascoe, Rapp, Southam, Speakman, Stanton, and Thomas. (21)

In attendance: From the Canadian Wheat Board: Messrs. W. C. McNamara, Chief Commissioner; W. E. Robertson, Commissioner; C. E. G. Earl, Comptroller and D. H. Treleaven, Secretary.

The Committee proceeded to the consideration of the Supplementary Report of the Canadian Wheat Board on the 1956-57 Pool Accounts—Wheat, Oats and Barley.

The following Sections of the Supplementary Report were approved:

1. Receipts and disposition—1956-57 Pool Account—Wheat
2. 1956-57 Pool Account—Wheat
3. Implementing the Temporary Wheat Reserves Act
4. Surplus for Distribution to Producers
5. Comments on the 1956-57 Pool Account—Wheat.

The Committee recessed from 4.25 p.m. until 5.10 p.m. to attend a vote in the House. The division bells having sounded a second time, at 5.10 p.m., the Chairman adjourned the meeting until 9.30 a.m. Tuesday, August 5.

M. Slack,
Clerk of the Committee.

EVIDENCE

MONDAY, August 4, 1958,
9.30 a.m.

The CHAIRMAN: Gentlemen, I believe we have a quorum now. We will come to order. We are fortunate in having the Canadian Wheat Board and the Board of Grain Commissioners here this morning. We do not know how long this study will last. However, I believe we will require a motion for the printing of copies. I would suggest 250 in French and 750 in English. Would that be satisfactory? Will somebody give me a motion to print the copies?

Moved by Mr. Montgomery and seconded by Mr. Tucker,

That the committee print 750 copies in English and 250 copies in French of its minutes of proceedings and evidence in relation to the annual report of the Canadian Wheat Board for the crop year ending July 31, 1957, and the report of the Board of Grain Commissioners for 1957.

All in favour?

Contrary?

Motion agreed to.

Gentlemen, we have in attendance this morning the members of the Canadian Wheat Board, Mr. McNamara, the chief commissioner, Mr. Robertson, commissioner, Mr. Earl, comptroller; Mr. Treleaven, secretary.

I believe we will, according to the procedure of our other standing committees, take the report of the Canadian Wheat Board paragraph by paragraph and when I call part 1, I think it would be appropriate for us to call on Mr. McNamara for his report. So without further comment I will call on Mr. McNamara for the report regarding the Canadian Wheat Board. Mr. McNamara is known to most of you western members.

Mr. W. C. McNamara (Chief Commissioner, Canadian Wheat Board) called:

Mr. Chairman, Mr. Minister, gentlemen, first of all I want to say how pleased I am to have this opportunity of being here with my colleagues to present to and discuss with you the report and activities of the Canadian Wheat Board. I am sorry one of our officials, Mr. Riddel, the assistant chief commissioner, is not here today. He is in England. He has been attending a meeting of the international wheat council and subsequent to that has been visiting some of our main markets in western Europe.

The new member of the board, Mr. Dallas, who comes with us in September 1, is not present today but I expect he will be with us on future occasions.

Now, gentlemen, may I introduce Mr. Earl Robertson, the other member of the board and my colleague, Mr. Treleaven, the secretary of our board and Mr. Gordon Earl, our comptroller.

Now, Mr. Chairman, we are in your hands, but as you say, if the committee would like to go over this report paragraph by paragraph, I would suggest our secretary might read it and I will be available to make any comments or answer any questions you might like to put.

Mr. D. H. TRELEAVEN (*Secretary, Canadian Wheat Board*):

PART I

1. General Comment—Crop Year 1956-57

World wheat production in 1956-57 followed an unusual pattern. While world production was slightly larger than in the previous crop year, crop damage was sustained in normally deficit areas in Europe and elsewhere. The result was that, in a year of substantial wheat production, world trade in wheat reached record proportions. The principal factor in this situation was the severe crop damage experienced in western Europe in the winter of 1956. Winter killing of wheat crops was most severe in an area which included Belgium, France, The Netherlands, Switzerland, Italy and Yugoslavia.

Wheat production in Asia followed the same pattern as in 1955. Moderate reductions in yields in India, Iran, Turkey and Japan were offset by increases in Iraq, Syria and Pakistan. North African wheat production was slightly larger than in the previous crop year.

Wheat production in the four chief exporting countries increased moderately in 1956. A smaller wheat crop in Australia was not sufficient to offset production gains in Canada, the United States and Argentina. Canada harvested 573 million bushels as compared with 494 million bushels in 1955. The United States wheat crop amounted to 997 million bushels as compared with 935 million bushels in the previous year. In Argentina wheat production increased sharply to 261 million bushels as compared with 193 million bushels in 1955. Australia harvested a small crop of 135 million bushels as compared with 196 million bushels in the previous crop year.

Mainly because of increased imports of wheat by Western European countries and by India and Pakistan, international trade in wheat in 1956-57 reached a record level of some 1,280 million bushels, an increase of about 240 million bushels from the trade level of 1955-56. The sharp increase in world trade in wheat in 1956-57 was largely absorbed by the United States. Exports from the United States amounted to 549 million bushels as compared with 346 million bushels in 1955-56. In exporting wheat and flour in this volume the United States accounted for about 43% of all wheat moving in international trade in 1956-57. The greater part of United States exports took place under the several forms of the United States disposal programme. Canadian exports of wheat (including flour) amounted to 263 million bushels as compared with 309 million bushels in the previous crop year. By utilizing reserve stocks of wheat Australian exports increased to 129 million bushels as compared with 102 million bushels in the previous crop year. Export from Argentina were 98 million bushels as compared with 115 million bushels in the previous crop year.

The dominant factor in international trade in wheat during 1956-57 was the United States disposal programme and the share of world trade in wheat which the United States secured as a result of this programme.

The CHAIRMAN: Are there any questions on paragraph 1 you would like to ask the witnesses?

By Mr. Rapp:

Q. Mr. Chairman, we have all the figures available for every country but Russia or countries behind the Iron Curtain. I know those figures are very hard to obtain but is there any knowledge of what amount they are exporting in wheat compared with other countries?—A. Well, Mr. Chairman, as the gentleman said it is very difficult to get statistics on production and activities in the Iron Curtain and eastern European countries. We have, however, visited them and we have some general knowledge of the movement of wheat that is taking place. In this particular year, 1956-57, the U.S.S.R. supplied a substantial

quantity of wheat to Hungary, Czechoslovakia, Poland, Roumania and some of the Middle East countries. I do not know if we have the figure on that but I should estimate that the quantity that the U.S.S.R. supplied was in the neighbourhood of 600,000 or 700,000 tons into those particular markets.

By Mr. Muir:

Q. Mr. Chairman, there is an increase in world exports of 240 million bushels. To what do you attribute Canada's drop in exports in that year from 309 down to 263?—A. There were a number of factors as we state later in the report and the details are shown on page 11. The principal obstacle or the main source of competition that we were confronted with was the extension of the United States activities in their various programs. That was the most serious obstacle in this particular crop year that is under discussion today but we have the details of their programs and the effect on our Canadian position outlined later, sir, on pages 11 and 12 and I suggest we might discuss it at that time.

The CHAIRMAN: I would ask the members of the committee to stick precisely to the different paragraphs in question because there is no use in asking questions on paragraph 8 and 10 if the information is detailed in 14.

Are there any other questions. If not, we will go on to paragraph 2.

Mr. TRELEAVEN:

2. Canadian Crop Development and Supplies

Significant changes in the pattern of acreages in 1956 were reported by the Dominion Bureau of Statistics. The following table shows estimates by the Bureau of acreages seeded to grains and flaxseed in the prairie provinces in 1956, along with comparative acreages for 1955:

	1956 Acreage	1955 Acreage	Percentages Change
	(thousand acres)		
Wheat	22,064	20,812	+ 6.0
Oats	8,658	7,788	+11.2
Barley	8,181	9,638	-15.1
Rye	452	707	-36.1
Flaxseed	3,010	1,809	+66.4
	<u>42,365</u>	<u>40,754</u>	<u>+ 6.3</u>

The foregoing table shows moderate increases in acreages seeded to wheat and oats in 1956. A relatively sharp decline occurred in barley and rye acreages. The most significant change was in the acreage seeded to flaxseed. Flaxseed acreage in 1956 amounted to a record 3.0 million acres.

Prairie seeding operations were delayed in the spring of 1956 as a result of cool, wet weather. With the exception of southern Alberta, very little seeding had been completed before mid-May. Toward the end of the month, however, the weather improved materially and the seeding of all grains was completed by the first week in June.

The warmer weather experienced in late May and early June was accompanied by high winds over most areas of the prairies which seriously depleted surface moisture. As a result, germination of late sown crops was poor and a serious drought condition began to develop by mid-June in Alberta and the western half of Saskatchewan. However, the drought was relieved by general heavy rains during the third week in June and from that time until the commencement of harvest all crops showed a steady improvement.

Harvesting was interrupted in early September by heavy rains but weather conditions turned favourable in late September and harvesting was virtually completed by mid-October. Yields harvested in 1956 were well above average in spite of the fact that grades of wheat were lowered by untimely frosts prior to maturity. The following table shows estimated grain production in the prairie provinces in 1956, along with comparative estimates for 1955:

	1956	1955
	(thousand bushels)	
Wheat	551,000	472,000
Oats	400,000	290,000
Barley	262,000	244,000
Rye	6,500	13,350
Flaxseed	34,100	19,450
	1,253,600	1,038,800

The prairie provinces produced 551 million bushels of wheat in 1956 as compared with 472 million bushels in 1955. The total Canadian wheat production was 573 million bushels in 1956 as compared with 494 million bushels in 1955. Prairie oats production was estimated at 400 million bushels as compared with 290 million bushels in the previous year. Barley production, in spite of reduced acreage, was moderately higher than in 1955.

In addition to quantities of grain available from the 1956 crop, total Canadian commercial supplies of wheat, oats and barley for the crop year 1956-57 also included commercial carryover from the previous year (grain in country and terminal elevators, mills and in transit, but excluding stocks on farms). The following table indicates the inward commercial carryover of wheat, oats and barley in Canada as at August 1, 1956, with comparable figures for the corresponding date of previous years:

	August 1 1956	August 1 1955	August 1 1954
	(million bushels)		
Wheat	375.4	398.9	386.8
Oats	47.9	30.5	28.5
Barley	60.5	49.2	49.1

The CHAIRMAN: Gentlemen, any comments or questions on paragraph 2? If not, we will proceed to paragraph 3.

Mr. TRELEAVEN:

3. Legislation

In 1957 Sections 23, 24 and 34 of the Canadian Wheat Board Act were amended to extend the powers of the Boards to July 31, 1962.

The Prairie Grain Producers' Interim Financing Act was amended in 1957 to provide for extension of the loaning provisions of the Act to June 1, 1958, and at the same time the maximum loan under the Act was increased from \$1,500.00 to \$3,000.00.

By Mr. Argue:

Q. Mr. Chairman, I think on the item "Legislation", I am sure all members of the committee are anxious to see the Canadian Wheat Board in a position to do their best possible job. We all recognize the importance of the board and I would say for myself that I think it would be best if the board was at full strength all of the time.

As you know, there are five positions provided under the act and could you tell the committee whether or not all of these positions are now filled?—A. Mr. Chairman and Mr. Argue our act provides for up to five members at the discretion of the government but we have never had five members on the board. We operated for a number of years with three commissioners and about four years ago the government of the day ordered a fourth commissioner. This year when my colleague, Mr. McIvor, resigned he was replaced by Mr. Dallas so there are now four members of the board but there is provision in the act for the government if they so desire to appoint a fifth member.

Q. Mr. Chairman, it seems to me it would be wiser if the board were brought up to full strength. I think when parliament passed the amended provision for five members rather than three, it was the intention of parliament that there should be five members. Perhaps Mr. McNamara is not in a position to say since he has already said it is up to the government whether any move should be made to fill the fifth position but with the minister here, I wonder if he would care to comment as to whether or not any thought has been given to bringing the board up to strength.

Hon. Gordon CHURCHILL (*Minister of Trade and Commerce*): As Mr. McNamara said, the act states that the board may consist of up to five members. It does not specifically state that it must be five. As has been said even after that amendment was passed the intention was to keep the board at four members, leaving one vacancy. That vacancy is there at the present time.

I have given some thought to the matter and I am not in a position to state what will be done. There are advantages in having five members perhaps but the board operated with success when it had three members and success when it had four and my understanding of the activities of the board is that with four members it finds that it can manage quite effectively. Nevertheless, the other position is available if we feel that it is necessary to fill it.

By Mr. Argue:

Q. Mr. Chairman, with the record wheat surplus in the United States it would seem to me through the increased crop competition in the crop year ahead and with the necessity of developing new markets—and I refer to the China market—that without any details of the board's operations I can see some advantage in having a member of the board available to visit such countries as China and other countries to meet the increased competition that I am sure is likely to arise from this huge carry-over in the United States.

I realize members of the board have met such difficulties in the past but it would seem to me that with a fifth member it would be that much easier for the board to meet this kind of competition which will be available under the circumstances.

Mr. CHURCHILL: The assistant chief commissioner is now in Europe and after attending the international wheat conference will be visiting members of the trade in some of the countries of Europe. Last year two members of the board were in England and Europe during part of September and October. Later, during the winter and spring one member and the Executive assistant, with a representative from the flour milling industry, visited the West Indies and adjacent South American countries. Following that, Mr. Robertson made a visit to Japan, Hong Kong and the Philippines. So the board has been very active on the basis of four members and has found it quite possible to carry out its business from the main office in Winnipeg, and also have representatives make these trips.

The plan for the coming crop year is to do that type of thing again with vigor, because we realize we are facing heavy competition in the world markets. I was speaking to Mr. McNamara this morning in respect of a proposed trip of

two members of the wheat board to England and Europe in September and October this year the same as last year. It was a very productive trip last year. We also spoke about pressing on with our sales of wheat to China. As the hon. member for Assiniboia will realize, due to the fact that we started we are quite likely to carry on with a great deal of vigor.

Mr. ARGUE: "We", meaning whom?

Mr. CHURCHILL: The government and members of the wheat board.

Just a year ago in July one of the first questions I asked the deputy minister of trade and commerce was what were the prospects of engaging in the sale of wheat with China. After communicating with the wheat board and our trade commissioner in Hong Kong, Mr. Forsyth Smith, he made that memorable visit to four cities in China as a result of which, and other activities, we did succeed in selling wheat to China. Having made that good start you can count on our carrying it on.

Mr. ARGUE: Mr. Chairman, I think we all appreciate the comments of the minister and I am very pleased that he has been able to initiate certain action by the board and others which has resulted in increased sales of wheat, or which has resulted in sales of wheat to China.

Believing the minister to be an aggressive and influential member of the cabinet and a man who has the ear of the Prime Minister, I would suggest to him that he use his influence to get the Canadian government to recognize China and make it possible through recognition for his own efforts and those of the wheat board to be more productive, and also to increase general trade with China. I do not think there is anyone who has a knowledge of external affairs who would not say that trade is a matter which is made rather more difficult without diplomatic representation.

I am sure the western producers are pleased at the start which has been made in building up the Chinese market for Canadian grain.

By Mr. Horner (Acadia):

Q. While we are having this discussion on China, I would like to mention that the Alberta wheat pool, in what they call their wheat budget, had produced figures to the effect that China had produced one billion seven hundred million bushels and had an increase of 400 million in the last year. I wonder if these figures are relatively accurate?—A. It is really impossible to obtain a fair appraisal of those figures because, as in the case of all these eastern European and Communistic countries, they do not publish government statistics and it is very difficult correctly to appraise what they are doing in the grain business.

However, from conversations we have had, not only with Mr. Forsyth Smith but with others interested in trade as well, many of whom have visited China, there is no doubt that wheat production in China has materially increased. While I doubt the accuracy of the figures quoted, I am satisfied that China is one of the largest wheat producers in the world; I would think she ranks third to the United States and Russia as far as wheat production is concerned. But there are over 600 million people to feed in China. I still believe there is a market for Canadian wheat of our quality in China, and an extended market for our wheat, and you can be sure, that as a board, we intend to pursue that market very, very vigorously.

By Mr. Argue:

Q. In making sales to China, does Mr. McNamara know whether any of the grain companies can handle the sales, or whether they have to be exclusively Canadian companies? I am sure you are aware of the discussions we have had in the House of Commons in respect of this particular aspect of the

grain business, and others.—A. I do not want to give any indication that I do not want to discuss these things, but we are slightly away from the 1956-1957 report, and during that year we had no business with China. We are now in a new year. I would say that the Chinese business is done with the different companies. We have eighteen Western agents who are very active in trying to develop this business for us.

This question was raised by the representative of the China Resources Co., Hong Kong; this is the agency of the Chinese government which so far the Chinese have used as their procurement agency. They have four representatives in Canada at the present time who are here for the purpose of trying to sell Chinese goods to Canada. They raised the question with us as to the agents of the board who would be dealing with them. We immediately approached all our agents and told them of the interest expressed by the Chinese, and I am pleased to report that the great majority of the agents of the board, including international firms, have indicated that they are very anxious to deal with China. Some of the companies, for reasons of their own, have indicated that they are not offering wheat to China, but the majority of the substantial houses are interested in that business.

By Mr. Jorgenson:

Q. I have a question having to do with the situation which has developed in respect of the feed mills. Could you help me in this connection. I do not want to go past this item and not have an opportunity to raise this point.—A. This is a question which will come up for discussion, and although it is not really in order at this time, we might as well deal with it. It raises the whole question of the administration of the Wheat Board Act.

With regard to the feed mills, I would like to preface my remarks by saying that the feed mills in western Canada have faced a difficult problem, due to the over-all surplus of wheat which has been held back on the farms, and by the desire of some farmers to sacrifice a portion of that wheat at low prices to get a few extra dollars, which they certainly have needed.

The problem was also complicated by the introduction of prepared feeds and formulae for more scientific feeding. This has created a problem for some of these feed mills who handle board grain. The board had a meeting with the feed mills and endeavoured to work out with them a program, which they admit was very beneficial, authorizing farmers to deliver grain over the quota, in exchange for prepared feeds. The feed mills agreed this decision was quite helpful to them but they still found themselves confronted with competition from dealers, such as machine dealers and garage operators, who were prepared to take wheat from the farmers at sacrifice prices in exchange for commodities they were selling. They in turn were offering these feeds to feeders within the province, which is outside our control. It has created quite serious competition for the feed mills. The board met with them to see what further action we could take within the provisions of our act which would assist them. At that time they advised us that on advice of counsel they did not think our control over their establishments within the province was legal. They had ignored our quota regulations and we felt forced to institute action against them.

That action is held up awaiting the decision of a case which is now before the Supreme Court, referred to as the Murphy case. The decision on that case will pretty well test the validity of our act.

By Mr. Pugh:

Q. Is that a British Columbia case?—A. It is a case about a person named Murphy who wanted to ship one bag of oats and feed wheat to his own farm in British Columbia.

I might say, while we appreciate the position of the feed dealer, this situation causes some concern because I think it is most unfortunate when the producers in the west are in a position where, in order to market a few extra bushels of grain, they are forced to sell it at prices substantially below our guaranteed initial price. It is not good, but the farmers are put in that position.

However, as a board, and in view of the provisions of our act, I think it is our duty to see that the grain going into commercial consumption is marketed through the board in the interest of the producers. I do not think we should be attempting to stretch the provisions of our act to make it possible for people to take grain from producers who have to deliver it at distress prices.

Fortunately, the situation in the west has improved, due to the marketings this year and the prospects of a smaller crop. I understand that now grain is not available at distress prices. My sympathy is with the producers and I would not like to see any action taken which would assist them, when they are so hard up, to dispose of grain at such low and distress prices when that grain could later be marketed to better advantage.

By Mr. Jorgenson:

Q. The situation is not one where the wheat board is competing with the feed mills. The feed mills are attempting to face competition from the appliance and implement dealers. My understanding is that the feed mills are not suggesting that wheat or grain be accepted at distress prices; they are quite prepared to pay the prices.—A. Under our act the feed mills have been designated as works for the general advantage of Canada and can buy grain only in accordance with our quota regulations. They would like to be free to deal outside the board, regardless of the quotas, in order to meet the prices these television dealers and others are offering in payment for the grain. These garages and television dealers are not works for the general advantage of Canada, and we have no control over them, although the provinces themselves have some legislation which is supposed to control that. It is up to the province to decide whether or not they want that control, and if so they should enforce it. Our control is only on the basis that they have been committing a breach of our quota regulations, and have been declared works for the general advantage of Canada.

By Mr. Thomas:

Q. On this question of feed grain, could Mr. McNamara tell us whether or not the board considers that the freight assistance on feed grain affects the operation in any way?—A. Yes. It is a fact that the consumer in eastern Canada, and British Columbia, represents one of our largest markets, not only for low-grade wheat but the most substantial markets for coarse grains, and we receive benefit from the freight assistance. It certainly helps us sell our feed grains in competition with the supplies which may be imported from elsewhere.

By Mr. Pugh:

Q. Following on the question in respect of the Murphy case, I have a number of constituents with farms in Alberta who have tried to bring their own grain into British Columbia where they have poultry farms. They cannot bring it out there under the regulations. I am wondering if there could be something brought in which would permit the cattlemen and the poultrymen of British Columbia to get the grain at a price comparable to that at which it is sold on the prairies.

I can quote you a number of examples where a man buys feed grain at \$60 a ton laid down in the interior of British Columbia. In Alberta for stock feed the farmers pay somewhere in the neighbourhood of \$20. That may be an extreme distress ceiling; it may be even \$18 or it may run as high as \$30. But in any event my point is this: we have a cattle or poultry industry where there is plenty of room for expansion, but our competition is too heavy in that we have to pay too much for our feed grain. I am wondering if the board would consider some manner of allowing feed grain to come into British Columbia, or elsewhere in Canada, for delivery to a cattleman or a poultryman, somewhere in the neighbourhood of \$30 or \$35 a ton?

The reason behind this, of course, is that first of all we are a firmly established industry; there is plenty of room for growth and also we have such a tremendous surplus of the low-grade feed grains which could be utilized in this manner.—A. Mr. Chairman, it is unfortunate that our solicitor is not here; he would be a little more competent than am I to deal with legal problems. I think the best answer is to refer you to the Canadian Wheat Board Act. We are incorporated to market grain in commercial channels to the best advantage of the producer. All the grain delivered in the provinces of Alberta, Saskatchewan and Manitoba is pooled and it is our responsibility to merchandise that grain in the best interests of the producer, which I interpret as meaning to secure the best possible price for him. In so far as coarse grains are concerned, and some substantial proportion of low-grade wheat, the domestic market in Canada represents one of our largest outlets.

The British Columbia market is very important. Ontario, Quebec and the maritime markets are also very important.

In selling coarse grains, and feed wheat into these markets, we offer them at the same price that we offer them to any other buyer. We have only one price that we sell for.

This competition you refer to within Alberta and British Columbia is again a case of excess stocks within Alberta, where the farmer has not been able to deliver, under the regulations of the Canadian Wheat Board, all his grain, and he is being encouraged to dispose of his stocks at depressed prices.

You must keep in mind that in our operations we pay an initial payment price at the time of delivery, and as we make our sales, we make supplementary, interim, and final payments.

There is naturally a difference between the price as paid by us at the time of delivery and our selling price.

These people in British Columbia are comparing the initial payment price which the producer receives with the buyer's price. There must be a margin in that price.

Q. That is quite true. I mentioned Alberta with respect to competition by our cattle men and poultry men. We have the same competition south of the line in the United States.

I know you are trying to get rid of certain grades at one fixed price and you offer it to any producer at that price. But in view of the tremendous amount of low grade grain we have at the present time, it would seem only common sense that whether by one price or otherwise we try to place it in British Columbia in the hands of bona fide producers, and to forget the competition more or less, so that they may continue to exist as producers.—A. If we were to open up and allow the movement of grain across the border into the British Columbia market, we would deprive the pool generally of a very substantial market for coarse grains and low grade wheat at our regular price.

The same would apply in eastern Canada on the movement from Manitoba into Ontario, and our Quebec friends would say that they should get the advantage of it too.

If the government in its wisdom wanted to do something in the way of a subsidy for the feeders in these provinces, they could encourage the use of western feed grains. But as a marketing agency, in the interests of the western producers, I am sure it would not be good business on our part to allow this grain to move across provincial borders, because you could not control its ultimate destination.

As I have said, it would deprive the pools of a very substantial proportion of their normal market for western feed grain.

We have the same situation across the international border in respect of many producers who reside close to the border and for whom it would be quite easy to go across. They think that that market should be reserved for them particularly.

We sell to all markets, pooling the proceeds of those sales in a common pool.

Q. This is a question which has come up in the house on many occasions, and it is one which is of great importance. There is no suggestion that anyone should go to Alberta and take part in what would not be considered a sale through the board to the detriment of the people in that Province.—A. We are doing that business every day. We are prepared to sell grain, and we do so. We are in this business with British Columbia.

Q. The price at which you send it out is different from the price which could be paid for it in Alberta. There is quite a spread.—A. There is competition between companies in Alberta which are actively competing in the British Columbia market; the margin between our asking price, and the sale price is very, very narrow.

As you pointed out earlier, there is government freight assistance of \$5.50 a ton which is allowed to cover the charges on that grain.

I would not like to give the committee the impression that we are not sympathetic to the problem. This is something we have studied very thoroughly, and I appreciate the problem and the effect, not only from the point of view of British Columbia but that of Ontario and the east as well.

I think it is a question of wrestling with these problems under the machinery as set up by parliament to merchandise the grain grown by producers in western Canada to their best advantage.

Mr. PUGH: My own constituency is concerned with fruit growing. They are selling to producers in British Columbia. As you know there is a great deal of excitement there, so they are not disinterested at the present time.

By Mr. Horner (Acadia):

Q. I have two questions I would like to ask Mr. McNamara. In British Columbia is there not something being paid by way of freight assistance on feed grain going into British Columbia?—A. Yes; it is \$5.50 a ton.

Q. I think the movement of illegal wheat is detrimental to Canada as a whole. Yet you say that the wheat situation in the prairies has improved a great deal. I think this improvement can be credited to the movement of this so-called illegal wheat. In my opinion, it has gone a long way to improve the surplus wheat situation in western Canada.—A. You mean within Saskatchewan, with respect to this distressed wheat, more has been used for feed because of the prices at which they sell it.

Q. That is true. In 1953 and 1954 there was a lot of No. 4 and No. 5 wheat grown, and in the last few years particularly a lot of wheat has moved from Saskatchewan into Alberta.

You may say it is illegal, but I am glad to see that you have not reached a final decision about it. I say it has done a lot of get rid of No. 4 and No. 5 wheat which was a burden in the hands of the farmers.

Many of them have sold it at depressed prices, but many of them have realized cash out of those sales which they probably could not have done otherwise in the last couple of years operating through the wheat board.

Moreover, dealers handled it and sold machinery and thereby kept a lot of machine agencies in business which in turn kept a lot of factories in eastern Canada in business to produce that machinery. So I say it was a benefit to Canada.

By Mr. Gour:

Q. Mr. Chairman, and Mr. McNamara; I have been a member of this committee for 30 years, and in my opinion the wheat board has performed a first class job.

To begin with, I urge you not to let the matter get out of your hands in the way of improper marketing because it would do no good to anybody. I think you had better keep control of it.

In my opinion, the people who sold their wheat cheaper did so because they thought that otherwise it would not be sold unless it was sold on the so-called "black market". I would do it myself in order to improve the market for that feed wheat.

I think that British Columbia people could buy it if there was a greater subsidy given with respect to freight. That would help you to sell more of that feed wheat.

Everybody should be served in the same way. But the "black market" is no good to anybody.

I am a dealer in implement machinery, and I believe that if we should pay more to the farmer, it would take away part of our profits, but the shipper would sell 50 per cent more. They know that we want to sell them tractors, but they have to pay more money in order to get them—not less, but more.

I am very anxious on behalf of the people in the west, because we are concerned about them in the east. What is good for them in the west is good for us in the east.

If you buy our machines, we will make more money and we will transfer part of our profits. Do not destroy that good wheat board job. As I have said, I have been a member of this committee for 30 years. I am a Canadian, not an easterner or a westerner, but a Canadian!

I think that British Columbia should have the privilege of buying it. It does not do them any good if they cannot buy that grain.

I represent the east and I am convinced that the wheat board has done a good job. I urge you to keep on with your regulations and not to let the "black market" get away with it. It is not good for anybody otherwise. I think that the government should pay more than the \$3 subsidy they are paying now, and I think that would be good for everybody.

By Mr. Hicks:

Q. My question is along the same line as that of Mr. Pugh.

Before I came down here today I received a letter from a gentleman out there who is growing a lot of poultry. He had some wheat in Saskatchewan for which he thought he might get a bootleg price of from 50 cents to 65 cents a bushel. But if that same wheat went out to him he would have to pay \$50 a ton which is about three times as much as he could sell his wheat for in Saskatchewan. He just could not see it.

Please do not think that I am opposed to the wheat board, but is there not some way of getting the prices at a little more equal level for the feeders in Alberta and the feeders in British Columbia. After all, they are both living in Canada.

It seems to me if that could be equalized, even a little bit, it would be most helpful. Some people say: "Ask the government to give a little higher freight bonus on it".

I think the freight out there is from \$6 to \$7.10 a ton depending on where it is shipped from. I do not think we should ask the government for any higher freight bonuses on feed.

Perhaps I might put it like this: here I am, a citizen living in British Columbia and I pay income tax.

I happen to have a brother living in Manitoba who is a wheat grower. I will be "darned" if he does not have more money than I have or ever expect to have.

Why should my income tax be used to help him to grow wheat?

For that reason I cannot see why the government should be asked to pay a commercial bonus on the freight of wheat going to the coast or going to the east?

By Mr. Argue:

Q. If more bonus is paid on the freight, I would suggest that the only result would be a reduction to the person buying the wheat rather than an increase in the price, even if it be to your brother. I am glad to learn that he is in good financial shape. If so, he is in a minority, or a very small minority.

One of the reasons for an increase in the price is caused by an increase in the freight. I take it that is general. I would be very satisfied to make it possible for the feeder to buy at a price more comparable to the price paid to the producer.

I would like to ask the witness what is the margin between what is paid to the producer on the prairies and what the feeder has to pay in British Columbia and Ontario? What is the operating margin of the Canadian Wheat Board?—A. In certain cases it is very small. I would remind the committee that in our over-all oats pool operation last year, we incurred a deficit of around \$2 million.

In other words, the difference between the prices paid to producers, and the prices at which we dispose of this grain—after deducting operating costs—we think is very small.

Q. What is the operating cost per bushel of the Canadian Wheat Board? There is a belief that the wheat board costs somebody a lot of money over the years every year, and I think it would be wise to have it explained, because when people hear about the administration costs, they are very pleasantly surprised.

The CHAIRMAN: Have we any questions under administration?

By Mr. Argue:

Q. I am talking about the difference between British Columbia and the prairies.—A. We will deal with that in our financial report.

Our administration costs are around $\frac{5}{8}$ cents per bushel, which is not large.

By Mr. Muir (Lisgar):

Q. In southern Manitoba and southern Saskatchewan a very lucrative practice has grown up over the years with respect to seed cleaning.

It has been their practice to buy screenings from the farmers. They are good screenings, some of them, and for that reason the proportion that is good wheat has run into this difficulty. In some cases they go into lower grades of wheat.

My point is this: the seed cleaning establishments have been able to export those screenings. In my particular area, however, this business was shut off in some cases because they found that the wheat would go into one or two of the lower grades.

I wonder if we are getting rid of this grain to a market which probably would not be picking up anything else? Is there any reason why this particular business should be shut off?—A. This is just another means of circumventing Board Control. What happened in the case referred to was this: the screenings gradually became better and better; they were more like feed wheat, No. 4 and No. 5 wheat.

Under our act, anything which is designated as a commercial grade of wheat under the Canada grain act must be delivered to us.

We found that they were "sweetening" them up more and more and that a lot of grain was moving out and was being sold in competition with us.

We have a substantial business in feed grain with the United States at our price. We always try to get the best price. But if we allow somebody else to move in No. 5 or No. 6 wheat and offer it at a price below us, the effect is to upset the price for a great volume of our wheat. In other words, we start to compete against ourselves.

In so far as the general surplus position of feed grains, oats, and barley is concerned, it has been referred to as an abnormally heavy stock, but I would say we are out of the woods in that regard, and that the surplus position in so far as oats and barley is concerned, is over for the time being at least. But I will not say, that in future crop years, we are not again going to encounter difficulties in this regard.

By Mr. Pugh:

Q. There is only one point on which I am not clear: the feeder business is a legitimate one, and I am not suggesting that it is a good idea for it to rely solely on the "black market".

As I understand it, under the act there is full provision made for the feeder business within this area. That has nothing to do with the "black market". It is simply extending the actual movements to poultry men in British Columbia on a legitimate basis.

The CHAIRMAN: I appreciate that.

By Mr. Milligan:

Q. This is a controversial subject. I am a feeder in Ontario. I would like to get cheap grain as well as anybody else, and if there was an opportunity, I would be in the "black market" if I could.

But I think we have an orderly marketing process under the wheat board, and I think we ought to maintain it.

Just as soon as you leave any openings, you will spoil the operations of the wheat board because, if you permit people to buy outside the wheat board policy in the market, you thereby reduce the price of grain to the western farmer.

I think we want to maintain that price, but if we could buy our grain cheaper, we might produce more. What are we going to do with what we produce? We produce so much that we have difficulty in getting rid of it.

I think it would be very detrimental, not only to those in the east but in British Columbia as well and to the western provinces if we allowed inter-provincial trading in any grain outside the wheat board.

Mr. JORGENSEN: Mr. Chairman, this whole thing has got away from the question I originally asked. My concern was with the feed mills. I was not concerned with the inter-provincial situation in that respect. My concern is with the feed mills within the province who have to compete with appliance dealers, implement dealers, etc. These people have tremendous investments in equipment and buildings and they find themselves standing there idle while the implement dealers are doing all the business in grain. It is that situation I should like something done about.

Mr. THOMAS: Mr. Chairman, there is one point that has not been sufficiently stressed here, I feel, and that is the position of the grain producer in eastern Canada. Now, we understand that the Wheat Board are set up primarily to promote the interest of and to obtain good prices for the western grain producers; but I think we farmers—maybe this is wandering a bit but it is right on this point of freight subsidy and other arrangements, inter-provincial trade etc.—we farmers, if we are going to be prosperous must stick together, and we should stop attempting to feed one off the other. Whenever a livestock feeder is able to buy feed at less than a fair price he is helping depress the whole industry of agriculture. The price of a finished steer or the price of a turkey or the price of a dozen eggs or a pound of butter should reflect a fair price for all the ingredients that go into that end product.

Now, if the farmers themselves are going to try to undercut each other and beat down the prices of those ingredients which go into the end product we are not doing very much for agriculture. And in connection with the freight subsidy to Ontario, there are large quantities of grain produced especially in southwestern Ontario. The present freight subsidy on grain into southwestern Ontario reduces the price of wheat thereby 15 cents a bushel, the price of oats by eight and a half cents, the price of barley by 12 cents; the price of corn, since it is in direct competition with barley, must be reduced by a price of about 14 cents per bushel.

Now, before we start talking larger freight subsidies on feed grain maybe we should give some consideration to action which might be taken to compensate the grain producers in certain areas of the east for the loss which they are sustaining for the benefit of the livestock producers. If we are going to have a prosperous agriculture we must look at the whole picture, not at just a few sectional interests.

By Mr. Milligan:

Q. Could I ask a question? Could I ask Mr. McNamara does he feel if we do not have freight subsidies would we be able to get the same price for feed grain in British Columbia and eastern Canada that we are getting today?—A. I do not know whether I am competent to give an opinion on that, sir. I have always regarded that the freight subsidy was beneficial to the feeder and I had the distinct feeling that it has helped us in marketing grain in the domestic market. But whether we could sell as much or whether as much western grain would be used in Eastern Canada, I do not know. My opinion personally is that it is helpful.

By Mr. Muir (Lisgar):

Q. I would like to ask just one more question on these seed cleaning arrangements. I understand from Mr. McNamara that providing these screenings fall within the proper category, that is, if they are not in any of the commercial grades, they may be shipped freely?—A. If they do not market a commercial grade, they are permitted to be exported as screenings.

By Mr. Nasserden:

Mr. Chairman, most of these implement dealers and garage men in Saskatchewan and elsewhere who take grain in trade, are doing quite a service to the farmer during the last few years. Some of them have been cutting down the price of the grain they take in, but most of them do not cut the price because they list their machines at the full sales price and the difference is made up in the commission that they get. I know that according to my information that it is not a very great proportion of the total grain produced in a province such as Saskatchewan. I was wondering in a year like this where we may have several points or an over-all picture where the delivery is going to be a little easier than it has been, if there is not some way of cleaning up these stocks which are on their hands. We might say they have no business to take this grain, but we know they have benefited a lot of farmers at a time when they needed new machinery, and that. They are not shysters; they are good dependable implement dealers who have financed the holding of this grain; and for that reason I think something should be done to get these stocks out of their hands if there are means for doing so on a legitimate basis, instead of a basis that they have sometimes had to resort to, I imagine, in the last couple of years.—A. I think, Mr. Chairman and gentlemen, the answer to that is that up until now the storage position has been such that we have felt that the available space should be utilized by the producers themselves to deliver their grain within the regulation quotas. We have not yet had available space at any number of points that would allow us to give consideration to making arrangements to take those stocks which have come originally from the producer, but are in the dealers' hands.

As you know, there is provision in our act to take these stocks in at the initial payment price only, and the dealer will not be able to benefit from any future payments we may make on; but what the new year will bring, we do not know. It will depend on the final out-turn of our crop this year, and there may be some question of whether or not we will be in a position to accommodate other deliveries. I think we should aim at taking the grain off the farms, and we would like to see all the farm surplus in commercial positions where it is readily available. I would think our policy this year will be again directed to trying to take the grain from the producers themselves, but if we have, surplus space over and above that, then we will want to consider taking grain from others than producers. We do not want wheat going bad. We want to be able to sell it to the consuming public; but I think we are getting a long way from the 1956-57 report.

Q. Would the implement dealer sell it on a permit book?—A. No; to market this wheat he cannot use any permit book. If he has brought it outright, the farmer is no longer entitled to deliver it on a permit book. We would have to issue him a special permit to enable him to ship it, and in issuing that special permit we would only pay at the initial price. Any surplus would go into the pool for the benefit of all producers.

Q. But you would give them a special permit to do that?—A. We have not in recent years. We have been confining deliveries to actual producers, plus estates, and operations of that kind. We have not yet authorized delivery privileges other than the quotas for the producers themselves.

Q. If one farmer lets another farmer use his permit book he is liable to prosecution, is he not?—A. If we found that that existed we would prosecute.

Q. What about the implement dealer who has access to a permit book and therefore who can deliver as the act will allow?

The quota this year was six or seven bushels; but say a certain farmer has only four bushels to ship on the quota he could then give the implement dealer his permit book and he could ship it as his own. I know that is illegal.—A. Yes.

Q. I welcome the statement you have just made, that you are going to think about it if there is a possibility of doing something, because I know some of these dealers can really use that money at the present time.

The other question I have is, what are the qualifications required to secure a permit book?—A. I wonder if I can have my colleague, Mr. Robertson, deal with this—get him into this arena.

Mr. W. E. ROBERTSON (*Commissioner, Canadian Wheat Board*): Mr. Chairman and gentlemen, to obtain a permit book a man must be operating a farm; that is, he is a tenant operating a farm or he is an owner of a farm operating a farm. He applies for a permit book. If he is a tenant, he is the operator and the producer as far as our act is concerned. But interested people in that land and in that crop are entitled to have their name shown under the suffix of the permit book. So that the landlord, for sake of argument,—is entitled to his share of each quota, along with the tenant. For instance, if the quota was 300 acres, a one bushel quota would be 300 bushels and under the permit book, if the landlord has a one-third interest,—the landlord would get 100 bushels and the tenant 200 bushels out of that quota. But the man who is operating the land is the man who takes out the permit book.

Mr. NASSERDEN: What I was getting at is, a number of people have contacted me, say, where a son is staying at home with the parents and the son is 30 or 40 years of age and farming for 10 or more years. Yet the Wheat Board refuses him a permit book because he uses the same machinery as the father. It is a ridiculous situation.

Mr. ROBERTSON: That is one of the difficult and contentious problems we have in dealing with the issuance of permit books. Under our act it says a permit book shall be issued to one or more farms operated as a unit. Now then, you get down to the very difficult question of determining what is a unit. We have had some trouble over that. We have had more trouble over that than we have had selling wheat. Anyway, we have tried to get down to a definition of what comprises a unit.

The first thing is that here is a father and a son who are operators. We will say we have determined they are operating as a unit. That would mean principally they could exchange machinery. We would not look at that too seriously; but are they operating as one bank account, are they intermingling their grain, are they storing their grain in common granaries, do they pay taxes as a unit?

Now, if they come under that general qualification, they are a unit and they are only entitled to one permit book; but on the other hand if the son has his land rented or purchased and the father is operating his farm they may be exchanging machinery. One owns some machinery and the other some other machinery; they might exchange a combine or tractors between themselves. We would not consider that as a detriment to their being considered separate units.

We get questionnaires completed by the producers, and to finally reach a decision on it is most difficult; but we have tried our best to be fair on it. At the same time we know that there have been a lot of people who have chiselled on us; but you cannot prove it. That is just one of those things that you can only be efficient on up to a point,—not nearly as efficient as you would like to be.

Mr. NASSERDEN: But when a young man becomes 30 or 40 years of age and is farming, even if he is on the same farm for as long a period, he is not

a chiseller when he asks for a permit and you refuse. You have refused many of them in my constituency and I cannot see your reason. They are not chisellers; because if he was doing any other job, even if he was at home and everything else, he would still be considered as securing a separate income.

Mr. ROBERTSON: If he is renting the farm from his father, and is the operator he is entitled to a permit; or if he is living on his father's farm and is renting other land in his own name, he may be entitled to a permit book. There is a 300 bushel quota difference, and it may mean a difference of a special quota for malting barley.

Mr. NASSERDEN: In cases like that in my constituency malting barley is not a problem because they do not grow much in those cases of which I know. It is so ridiculous, the action of the board in regard to refusing these permit books that it is not even funny.

Mr. ROBERTSON: Well, just from the statement you made of the son running another farm a mile or half a mile away and he is living at home the situation is; if he is operating the farm separately, storing his grain separately even though he may be using some of the father's machinery, as long as he is a separate unit by himself, I am surprised to hear you say that he has been refused. I think there is some other circumstance that neither one of us is aware of. That often comes out of these questionnaires.

Mr. NASSERDEN: I did a lot of inquiring about it because these people were getting after me about it and I thought they were entitled to it. I know others who operate farms under the same circumstances and there were no questions asked. They have a permit book; whereas I have run into half a dozen in a close area.

Mr. ROBERTSON: The best thing I can suggest to you if you have some cases like that, is to write to the board in Winnipeg. We would be very glad to look into them, because we have files and information on these cases that come up. There are so many different circumstances I am sure we could never explain them all in one short session. If you would care to do that, we would be glad to look into it.

By Mr. Gundlock:

Q. Mr. Chairman, I would like to ask a question on permit books. Could you explain how you handle permit books to the Hutterite colonies?—A. Yes, a Hutterite colony is a unit and they get one permit book. There is the problem of a Hutterite colony and also that of the cooperative farm.

Q. I am just speaking of a Hutterite colony.—A. They both come under the same ruling. They are established as a unit and we have used the same formula with both those types. I think if there is over four or five families in the unit, we have granted additional unit quotas for the number in excess of that minimum of four or five families. The Hutterite permits have been calculated on an acreage basis. There is an acreage control comes in there. I cannot give you from memory the exact figures, but there have been *extra* units issued in some cases where in the Borad's opinion there is an element of unfairness because the unit comprised a very large acreage.

Q. Do you do that to a single producer on an acreage basis?—A. No.

Q. Why should not that acreage basis apply to a single producer as well as to a colony?—A. Well, of course, if there is only a single person and he has 5,000 acres for sake of argument, it might be equal to a Hutterite colony; but he is still one person so we have to draw a line somewhere.

Q. You tie the two together.—A. You have to draw an arbitrary line on these things. Otherwise, you would not have any control.

Q. Well, it hardly seems fair to draw a line for one and not the other. If you are going to use acreage as a basis.—A. We have had complaints on it, and whatever view it is, you take away from one and you give something to another. There is only so much grain can be marketed this past year. Now, if we let one man market more grain, someone else is going to market less.

Q. If you let the single man do so, you would get it back in income tax. You do not from the Hutterites.—A. That is out of our jurisdiction.

Mr. ARGUE: The complaint we have heard in Rosthern is that you do not give these men Mr. Nasserden was talking about a permit book.

Mr. NASSERDEN: I was not referring to the Hutterites.

By Mr. Argue:

Q. Is not the argument that you take all the acreage together and call it one unit, no matter how many are working on it? You have the two policies and as between those two policies the Canadian Wheat Board is trying to draw a line?—A. We have to draw a line. It may be arbitrarily once in a while, but we have to stop some place; otherwise, there would be no way of controlling things to the benefit of the producer.

Mr. GUNDLOCK: Is it true you sometimes issue four permit books to each colony because the number varies?

Mr. ROBERTSON: No, it is a special permit under the unit quota. There is a special authorization for the unit quota with an acreage limitation, but it is still one permit book because it is one unit. You cannot distinguish one person's ownership of grain as compared with another person's within the group. It is all intermingled, and for that reason, under our act, it becomes a unit. It is an intermingling and you cannot separate ownership; it is common ownership. That is where the difficulty arises.

The CHAIRMAN: Gentlemen, shall we go on to paragraph 4?

4. Transportation

On August 1, 1956 country and terminal elevator capacity was well filled with stocks of all grains on this date amounting to 492 million bushels. Broadly speaking, it was the task of transportation agencies to move grain to forward positions as space was made available through domestic and export demand. In 1956-57 the Board continued to assume responsibility for the allocation of shipping orders as between handling companies. Throughout the crop year the Board maintained adequate shipping orders in the hands of elevator companies in order to facilitate railway operations. The various transportation movements were accomplished without major difficulties excepting for the period of a strike on Canadian Pacific Railway lines in January, 1957.

The following table shows primary receipts from producers and principal movements of western grain in 1956-57 as compared with those of the previous crop year:

	1956-57	1955-56
	(million bushels)	
Primary receipts from producers	585	567
Shipments from country elevators and platform loadings	560	540
Receipts at Pacific Coast ports	141	118
Receipts at Fort William/Port Arthur	352	334
Shipments from Fort William/Port Arthur (lake and rail)	322	348

Receipts from producers in 1956-57 were 585 million bushels as compared with 567 million bushels in the previous crop year. As shown in the above table all major movements of grain in 1956-57 exceeded the volume of 1955-56

with the exception of shipments from the Lakehead to eastern destinations. Shipments from the Lakehead reflected a smaller export movement of grain through eastern ports in the 1956-57 shipping season.

The Board wishes to express its appreciation for the co-operation received from the railways, the lake boat operators and the Board of Grain Commissioners for Canada in carrying out and facilitating a large grain shipping programme during the crop year under review.

By Mr. Rapp:

Q. Mr. Chairman, on the transportation here; are there more shipping orders going out to the Canadian National stations than to the Canadian Pacific Railway. In my constituency it is not so apparent this year because we did have six and seven bushels out there; but in 1955-56 all those shipping points on the Canadian Pacific Railway were at least one or two bushel quotas lower than on the Canadian National points. I would like to have you explain why it was done in this way.—A. The answer is no, there are not more shipping orders going to the C.N.R. than to the C.P.R. We see that all shipping points have enough orders on hand to bring the quota up to the desired level whether it is a C.P.R. or C.N.R. station. It is true that many shipping points the movement and the placing of cars throughout the season has not been as perfect as I would like to see it.

However, I do think it is only fair for me to state to this committee that during the crop year under review and during the current crop year we have had excellent cooperation from both railways. There is no doubt that they are going all out to help the producers and the board. I can only report excellent cooperation on the part of the railways, Lake shippers and the Board of Grain Commissioners. The grain movement this year has been most satisfactory, with a few minor exceptions. They have done a better job of placing cars for us than, I think, they have ever done before.

Q. That was only for 1957, and 1958. In 1956 it was definitely not so because I know that many of these C.P.R. stations were on a unit quota basis whereas others on the C.N. perhaps had a two bushel quota above. Really, it was a hardship for these producers because a bushel or so means quite a bit of income, especially in the fall. I would like to see that this is not repeated.—A. I appreciate that. There is one factor which enters into this in Saskatchewan; that is the Churchill movement. Last year we had 16 million bushels shipped out of Churchill and this year it will be better. That movement is confined to the C.N.R. It does open up space in northern Saskatchewan quicker than the C.P.R. is able to provide space in southern Saskatchewan which is dependent on the Fort William movement.

The CHAIRMAN: Are there any further comments on paragraph 5?

Mr. TRELEAVEN:

5. Delivery Quotas

On July 27, 1956 the Board announced the basis of the delivery quota policy for 1956-57. Effective on August 1, 1956 an initial quota consisting of 100 units of grain was established; each unit consisting of 3 bushels of wheat, or 5 bushels of barley, or 5 bushels of rye, or 8 bushels of oats, or any combination of these grains amounting to 100 units. At the same time the Board announced that the initial quota would be followed by general quotas based upon each producer's specified acreage.

A new feature of the delivery quota policy for 1956-57 was the inclusion of delivery quotas applicable to Durum Wheat and flaxseed. These quotas were established at 5 bushels per seeded acre effective on August 1, 1956. On October 19, 1956 the delivery quota on Durum Wheat was increased to 8

bushels per seeded acre, with a minimum delivery of 300 bushels. On January 25, 1957 the Durum Wheat quota was increased to 12 bushels per seeded acre, with a minimum delivery of 400 bushels. This was followed by an increase to 15 bushels per seeded acre June 14, 1957, with a minimum delivery of 500 bushels. This quota remained in effect for the balance of the crop year.

In the case of flaxseed, the delivery quota was increased to 8 bushels per seeded acre, with a minimum delivery of 300 bushels effective October 19, 1956. On November 30, 1956 and January 25, 1957 the flaxseed quota was increased to 11 bushels and 15 bushels per seeded acre, respectively; a minimum delivery of 300 bushels applying. On March 22, 1957 flaxseed was placed on an open quota basis.

The quota policy for 1956-57 included the customary provision for the over-quota delivery of one carlot of Malting, Pot or Pearling Barley on the basis of a sample accepted by the Board and for which the producer was paid a premium. On March 8, 1957 this provision was extended to a second carlot of selected barley of a Two-Row variety for shipment to the west coast.

On November 30, 1956 a supplementary quota of 3 bushels per acre was established for barley effective in Manitoba and Saskatchewan only. This supplementary quota included provision for a minimum delivery of 150 bushels. The minimum provision of this supplementary quota was extended to producers having surplus barley but having no barley acreage in 1956. On April 5, 1957 the foregoing supplementary quota was increased to 6 bushels per seeded acre.

On August 21, 1956 the Board established a supplementary quota of 5 bushels per seeded acre applicable to Soft White Spring Wheat, where such wheat had been produced under contract. On October 18, 1956 Alberta Red Winters, Alberta Winters and Soft White Springs were placed on an open quota basis.

By the end of August, 1956 the Board was in a position to commence general delivery quotas. These quotas were advanced as rapidly as elevator space at individual delivery points permitted. The following table shows the delivery quota position for the designated area, at the end of quarterly periods, during the crop year 1956-57:

	October 31 1956	January 31 1957	April 30 1957	July 31 1957
Initial quota	897	—	—	—
1 bus. per specified acre ..	693	81	—	—
2 bus. per specified acre ..	348	1,008	63	—
3 bus. per specified acre ..	123	685	853	—
4 bus. per specified acre ..	—	278	534	—
5 bus. per specified acre ..	—	26	596	448
6 bus. per specified acre ..	—	—	—	1,602

By July 31, 1957 there was less variation in local delivery quotas than had existed at the end of immediately preceding crop years. The fact that there was some variation was due, in the main, to the policy of the Board of giving prior consideration to the shipping of grains and grades of grain required for the market.

Under delivery quotas established in 1956-57 producers delivered 585 million bushels of grain and flaxseed as compared with 567 million bushels during the preceding crop year.

PROVISION FOR SEED GRAIN

The Board's policy to encourage the use of good seed by producers was continued through the crop year, with special provision being made to assist producers in acquiring registered, certified and commercial seed.

By Mr. Argue:

Q. I would like to ask a question on the unit quota. I think that one of the purposes of the unit quota is to provide a little greater equality as between various units when it comes to marketing grain. At least initially the people who farm the best or high priced land and the land with the heaviest amount of taxes rather feel that the general acreage quota makes it more difficult for them as compared to farmers on lighter soil because the volume allowed by the acre is the same.

Farmers who farm on land of a low value, with a lower cost and a lower tax, and probably in an area where it is easier to raise cattle, feel they have a direct advantage. Most of them are in the less valuable land areas. The suggestion was made to me, and the people concerned say they are taking it through their municipal association, is that the wheat board should provide a secondary unit which would be equivalent to the taxes paid in one year on the land, taxes for shall we say school and municipal purposes. They say that if a farmer farming a high-priced quarter of land with high taxes could deliver sufficient grain to pay his taxes it would take part of the sting out of the fact that the gross income from the more expensive income land is at present at the same gross income as a farmer who farms less valuable land. Has that suggestion every been brought to the attention of the board or has that matter ever been considered by the board?—A. Mr. Chairman and gentlemen, this question of the unit quota as compared to acreage, and one or true supplementary quotas, has received a great deal of attention. This was a matter which was discussed at a very recent meeting of our advisory committee. The matter was gone into very fully and the consensus of advice was that we should continue the unit quota on the basis of the last few years. It is true that we receive suggestions from people to the effect that our unit quota is not quite fair to them because it provides for equal delivery opportunities regardless of the size of the farm, for the first hundred million bushels to be marketed. The large operators are inclined to feel that, over a five year period, the small producer has received a greater benefit, under the unit quota to the extent of one or two more bushels per acre.

Our reaction is that the unit quota is generally accepted as being fair and equitable under these conditions. Frankly we have not considered a unit quota which could be used for the purpose of paying taxes. I suggest we are supposed to be a marketing board and should not be asked to be a collector of taxes for the municipalities and have to try to average up the incomes for the producers.

As Mr. Robertson said, the unit quota takes up more time than our major operation of selling wheat. Our job is to give all farmers an opportunity to deliver as much grain as fast as space can be made available for it. I would hate to see our field extended too far, although I do understand some of the problems which these producers are up against.

Q. The objection does not turn on the fundamental idea of the suggestion, but rather on the mechanics of carrying it out?—A. Yes.

Q. I appreciate that the board should not have more work than it can do. It would be the elevator agents, acting as agents of the board, that is true, who would be doing it; but, if you will allow an interjection here, as you will remember we had many arguments in the House of Commons as to whether or not the wheat board could get in the field of cash advances and we were told by some people that that was a terrible thing and that the wheat board would resign.

Mr. CHURCHILL: By some people, you mean the Liberal party.

Mr. ARGUE: Not by you or me.

Mr. NASSERDEN: Does not the cash advance take care of the problem which Mr. Argue brings up?

Mr. ARGUE: I do not think so. I am not saying whether or not this suggestion is valid; I cannot say that. I think that there might be some room for an inquiry to see whether or not the means could be worked out to determine whether or not it is a workable suggestion. A farmer who has to pay taxes of \$500 on a quarter section of land feels he has a substantial burden as compared to the farmer who has \$100 taxes, the only reason being he has a more expensive quarter section on which he has to pay more taxes; and because of the wheat board regulations as to the quotas his gross income is precisely the same as the man on the small holding.

By Mr. Rapp:

Q. We understand there is going to be much more space available at the beginning of the new crop year. Would the board consider an increase from 3 to perhaps 4 or 5 bushels for wheat and to 6 bushels on barley and about 10 bushels on oats? What I mean is to increase the proportion for the different grains but retain the 100 bushel unit. It could be 5 bushels on wheat, 7 bushels on barley and, a chance to deliver more grain under the unit instead of opening up additional quotas per bushel.—A. It is something we would have to consider this year because an awful lot of our problems will be related to the size of the crop. Although it may be true in the constituency which you represent that there is more space now in the new crop year than in the past, that is not generally true in western Canada. Our elevators are carrying approximately the same quantity of wheat as last year and we will be faced with congestion for the next two months.

The movement to the lakehead has dropped very seriously in the last few days and our eastern terminals are congested. While I am optimistic, which one has to be in this business, I am afraid that the movement, particularly through eastern Canada, in the next few months will be particularly light.

In certain areas in Alberta it appears they will produce a good average crop and have a substantial carry-over, and in some areas of Saskatchewan where the crop has improved there is still a large volume of grain on the farms. This question of extra space being available will not generally be true in western Canada, although it will be true in some areas.

It may be that our entire quotas may be removed on certain grains some time during the crop year but it will have to be approached very carefully because if you remove a quota you can probably seriously affect other areas delivering under a quota.

Mr. MUIR (*Lisgar*): Mr. Chairman, considering the high amount of farm taxes that have been paid or are paid out now and considering the very high administrative difficulties in the matter that the hon. member for Assiniboia suggests, I would think that we could bog down in administrative details. I do not think that we should place that burden on the board.

Mr. ARGUE: Let us not say no too fast like the Liberals did.
We can always look at it.

By Mr. Brunsden:

Q. On this question of quotas, I would like to have a further explanation in respect of this permit book business in regard to the rights of the collective farmers. I can point out an instance of a small community surrounded by Hutterites. The quotas are filled up by their extra permit books and the rest of the farmers have to wait. If you do not wish to take the time of the committee, I would appreciate if you would have a statement on this placed on the record.—A. I was going to suggest that we will be here tomorrow or

the next day and will be glad to obtain all the details of the policy in respect of the Hutterites and these co-op farms and bring it to the committee. We will have all the information here for you on that point by Wednesday.

Mr. CADIEU: Getting back to the change in the assessment, I think we would run into a great deal of difficulty because of the fact that the percentage of taxes outstanding on the higher assessed lands is far less than on the low assessed lands.

Mr. ROBERTSON: In respect of the unit quota, there are a little over 230 thousand permit holders. The average unit runs about 450 bushels, or perhaps about 500 bushels.

Mr. RAPP: On different grains?

Mr. ROBERTSON: On the three grains; so that on the unit quota with 230,000 permits and 450 or 500 bushels per permit you need a delivery of 100 million bushels or better. If we were to extend deliveries under your proposal to 125 or 140 million bushels all that would do would be to hold back the introduction of the general quota and ultimately, instead of having say a six or seven bushel general quota at the end of the year, perhaps you would end up with a five or six bushel general quota. There is only so much grain which can come in. If you let more come in under the unit quota, less comes in under the general quota.

On Mr. Argue's point, the same thing would happen. If you have a larger delivery under a unit for the man with high priced land and high taxes more grain will come in from the men who are in that category and less grain will come in under the general quota. The result is that the man who has the lower priced land will thereby market less grain under the general quota.

Mr. ARGUE: And end up with his total less—

Mr. ROBERTSON: The same general quota, but his bulk would be less because he was held back while the man with the high-priced land delivered on some tax money. You are taking something from one and adding it to another.

Mr. ARGUE: That is true.

Mr. ROBERTSON: There is the question of how necessary it is to equalize income, and the administrative difficulties which are involved. I think the administration is something which you can always figure a way out of; but I am sure we would get more complaints than we have now in respect of the unit quotas. We can do things which seem difficult or almost impossible; there is a way of doing things if the need is great enough.

Mr. ARGUE: The point which these people made to me—and they said they were going to carry it through their association—is that if there were two farmers each with a section of land and one has lower priced land and a lower cost of operation—he might live around Shaunavon, I do not know, and I do not want to get into an argument—or he might be on higher priced land where there are higher taxes as at Melfort or Tisdale, and if one man has \$1,000 in taxes, and the one on the higher priced land has \$1,500 in taxes, all that you do is give the man with the greater expense an opportunity to pay that extra \$500. That was the whole idea behind it. People who live, let us say, on the Regina plains where there is almost no opportunity to diversify, and find that their land is assessed at \$5,000 a quarter and their taxes are pretty high and they feel that it is pretty tough to try to make a living on what is supposed to be and probably still is the best grain land in Saskatchewan. Whereas the farmer who is on lower priced land, because of factors over which the Wheat Board can have little or no control it is much easier relatively for him.

By Mr. Nasserden:

Q. But to get back to Mr. Rapp's suggestion, I think the thing he was bringing out is if you sell wheat on your quota you get more income than if you sell barley on a given acreage. Many farmers have turned away from wheat to oats and barley to try to help the wheat situation because they feel it is in a surplus position. Yet these people are on land where from one edge of the quarter to the other edge it is all under cultivation. Yet when they come to sell they find because they have switched they can only sell so many dollars worth less than what their neighbour who is growing wheat can sell.

For that reason if something could be worked out along that line I know there are a lot of people who would welcome it. There are a lot of people who would not, too. But generally speaking those who have produced coarse grain—it probably would affect the board's operation, though, as far as disposal of these things go, and getting the stocks filled up with coarse grain.—A. Of course, Mr. Chairman, in setting up the unit quota with 100 units we were taking the marketing of the different grains into consideration. These 100 units are 300 bushels of wheat or 500 bushels of barley or 800 bushels of oats; but so far as the regular quotas are concerned, we must watch very carefully the commercial stocks we are selling and not allow any one grain to get out of proportion. I would suggest here in the crop year we are just considering, 1956-57, the heavy stocks of oats and barley that we hold in commercial positions are the major reason that our operation in oats resulted in a deficit. Speaking from memory, the carrying charge on oats ran to about nine cents a bushel in that particular crop year; in other words, we were taking off the farms in that particular year too large a percentage of oats and barley.

This year we have a much different market for barley. We have had to put a supplementary quota on barley because of developments in the barley market necessitating our drawing further supplies from the farms, and we did that by way of supplementary quotas. We must watch very carefully the stocks we take off the farms as related to market demand.

The CHAIRMAN: Is paragraph 5 agreed to?

Paragraph 5 agreed to.

Mr. TRELEAVEN:

6. Shipping Policy

In 1956-57 the Board continued to direct the shipping of grain from country elevators. Only by following a policy of selective shipping from country stations was it possible to make the best use of available terminal space and to provide for the movement of the grains and grades of grain required to meet domestic and export commitments. In directing the loading of grain from country points, the Board issued necessary shipping instructions from time to time throughout the crop year. These shipping instructions, in the main, determined the preference under which kinds of grain or different grades of grain could be forwarded to mills or to terminal positions both east and west. The shipping instructions primarily called for the shipment of grain to meet market requirements at different stages of the crop year and, to the extent possible, were related to delivery quota objectives.

The CHAIRMAN: Are there any comments, gentlemen? If not, we will proceed to 7.

Mr. TRELEAVEN:

7. Handling Agreement

The main terms of the 1955-56 Handling Agreement were continued in the 1956-57 Agreement. Handling margins remained at 4½ cents per bushel for

wheat and barley, and $3\frac{1}{2}$ cents per bushel for oats. The storage rate was continued at $1/35$ th of a cent per bushel per day for wheat, oats and barley in store country elevators. The Agreement was revised to provide that the Board would not be liable for storage on wheat, oats and barley in transit from country to terminal elevators. At the same time a carrying charge allowance was provided for handling companies to cover carrying charges from the time wheat, oats and barley were received at a country elevator until such purchases could be reported to the Board. Terminal storage rates were not included in the terms of the 1956-57 Handling Agreement. Instead they were subject to maximum tariffs established by the Board of Grain Commissioners for Canada and tariffs filed by handling companies. The applicable rate for 1956-57 was $1/30$ th of a cent per bushel per day.

Following negotiations between the handling companies and interior mills, diversion charges on wheat shipped to such mills were increased by one-half cent per bushel. Diversion charges applicable to interior terminals, Churchill and Prince Rupert were unchanged.

The CHAIRMAN: Are there any comments, gentlemen?

By Mr. Rapp:

Q. Mr. Chairman, does the Wheat Board intend to move out some of the old wheat stored in curling rinks, hangars etc. that are not on the railroads? Do they intend to move those grains out because mostly they are all good quality wheat, No. 2, 1, and so on? Do they intend to empty out this storage space?—A. Yes, it is our intention to empty them as the opportunity presents itself. That does not mean we are going to start moving them away at the expense of wheat producers who may wish to deliver; but we are very conscious of the fact that some of the wheat in these off-site storage facilities has been carried for a considerable length of time. While I think the Board of Grain Commissioners who will be before you will be in a better position than I to discuss this particular phase of the problem, I can tell you that Mr. Milner and I have discussed it, and we hope this year, with the reduced harvest and probably a little more space becoming available, that we can start moving some of these older stocks which have been stored for five or six years, and gradually feed them into the stream without upsetting the general pattern of our crop. We are hoping we can make some real progress in emptying these off-site storage facilities this year.

By Mr. Gundlock:

Q. May I ask if you have available the average figure, shall we say, percentage-wise of costs of storing crops; in other words, is the storage one per cent or two per cent or four per cent or five per cent a year for a bushel of wheat?—A. The storage rate as reported here in 1956-57 was $1/35$ th of a cent per bushel per day. For this crop year it was increased under our agreement with the companies, and we are now paying $1/30$ th of a cent per bushel per day which works out to about one cent per bushel per month. In addition to that we pay the interest and the funds that the companies borrow. But as to our financial statement, when we get to this, Mr. Earl, our comptroller, will be in a position to give you the exact information on the storage and the interest charges the board has paid to the elevator companies in the various positions.

Q. Would it be $1/16$ th of a cent per bushel for all charges?—A. It would not average that. The total was considerably lower than that on the 360 million that we handled this year.

By Mr. Nasserden:

Q. I notice it is four and a half cents per bushel for handling charge, and the storage charge is 1/30th of a cent per bushel. Is that the actual cost that the elevator companies figure, or would their costs actually be more for the handling than four and a half cents, or less; or do they hope to pick up the income from the storage part of the program?—A. Well, the situation is, Mr. Chairman, that each year our board negotiates an agreement with the elevator companies which act as our agents for the handling of grain, and they assume the responsibility for the grading of the wheat and delivery of it to us in terminal position at an agreed charge. The charges on wheat are four and a half cents per bushel. That covers what the elevator companies secure in handling grain for account of The Canadian Wheat Board, grading wheat and delivery to us on our instructions. But prior to that, they must file with the Board of Grain Commissioners the tariffs under which they are going to operate, so that our negotiations with the companies are controlled by the maximum rate that the Board of Grain Commissioners allow, and we negotiate within that range.

I might say this charge of four and a half cents per bushel has been in effect for 20 years. There has not been an increase in this particular charge but, of course, we have been paying elevator companies substantially more money in the way of storage. Storage has been one of the biggest factors in recent years; and as to the question you ask me, I should say the country elevator companies could not operate elevators under conditions today if their only source of income was the four and a half cents referred to in the handling of grain. The two earnings must be coupled together. Their over-all earnings must be taken into consideration.

Q. Maybe this is not the place to do it, but would it not be proper to have that handling charge more in line with what costs are today, and have the storage charge in line with what storage costs are, since we are having so much grain stored?—A. I can assure you when we come to meet with the elevator companies we will be doing all we can to hold that charge to four and a half cents this year. There have been indications that the companies are going to ask for an increase in the charges; but I gather your point is that taking a long range view, the storage will no longer be the main factor in the earnings, and that it may be more realistic to adjust the handling charge figures in line with operating costs.

Q. What I mean is, we are going to have a storage problem for quite a while, and instead of paying this higher rate of storage, it would be better to pay a slightly higher rate on the handling charge and reduce storage from the standpoint of the farmer. The elevator companies might not argue that that was right.—A. Well, some of the farmers do not argue that way either, because if you increase the four and a half cents, it reduces the initial payment. If you reduce the handling charge to four cents it will not have very much effect; but if you increase it from four and a half cents a bushel to five cents it would mean the initial payment the farmer receives would be half a cent lower than it is at the present time, and we have no indication that the farmers would be anxious to have that.

By Mr. Gundlock:

Q. I wonder how much thought has been given to paying the farmers' storage?—A. This is a question that has been considered very frequently by the board over the years. There is some merit in it, but in general our recommendation not only to this government but to the previous government has been that we have been opposed to farm storage; because up until the introduction of the Temporary Wheat Reserves Act, where the government is

assuming a share of the storage, all storage had been paid by the board out of the producers pool. A large quantity still comes out of the producers pool, and if we should pay farmers for farm storage, you are paying the man who can afford to hold his grain. We do not think it would be an equitable distribution of costs to pay the man who was in that position. Some of them for personal reasons prefer holding grain for some period of time on their farms, which would have the effect of increasing our storage costs. Generally we feel that we should take off the farms all the grain we can, and get it into commercial position where it is available for ready movement to markets. And for that reason, as a board, we have not recommended to the government the adoption of the policy of farm storage.

I should point out that provision is made in our act for us to pay farm storage. We did have it at one time in the early 1940's and increased the initial payments one cent per month, but our experience was not very satisfactory, and as a board we have not recommended the adoption of that policy, although there is power under our act to do so.

By Mr. Jorgensen:

Q. You mentioned your experience was not satisfactory in the 1940's. Would you elaborate on that?—A. We felt that by carrying on that policy we were encouraging farmers to hold back grain. In some instances it was our experience, under those conditions which were quite different than now, farmers were leaving as much as they could of their crops to the end of the year, and then they would make it available to us. It was not being delivered to us at a time when we were in a position to meet our market commitments. It was the large holders who were doing it because they could keep their wheat and take advantage of the farm storage. It is possible and we have the machinery to do it, but we have not considered it advisable to recommend its adoption to the government.

Mr. GUNDLOCK: It looks like it would be a very good thing to give you an out on that huge surplus.

By Mr. Horner (Acadia):

Q. I would like to state there was some suggestion that we raise the handling charges or allow the elevator companies to raise the handling charges. I would like to suggest that the board has stated that it would encourage all elevator companies to handle the grain at the same price and I would certainly back that policy up, because practically all the wheat pools are paying a dividend on their handling. I do not think it requires any more for handling and we can take that as the chairman's view, too.—A. Well, I can assure you that will be our objective; but in fairness to the companies—and we want to be fair—their costs of operation have increased very materially. I would not want this to be any indication that we are not going to negotiate with them but they have a case to bring to us in connection with these charges. I know their costs have gone up very materially, and, of course, this has been offset by other earnings. From the look of things this year, we think that there will be enough grain to give the companies a full handling and a full storage earning this year; but we will keep your views in mind.

Mr. NASSERDEN: Mr. Chairman, I was not suggesting that we increase the handling charges and not do something to offset it. I also suggested lowering the storage charges.

Mr. HORNER (*Acadia*): Then I do not agree with you.

By Mr. Nasserden:

Q. It is just a thought; it may not be the best one, and it may make trouble for a lot of people; but I wanted to point that out.

The other question I would like to ask is whether the use of the St. Lawrence Seaway will affect the diversion charges at Churchill and other places, when bigger ships can come through?—A. I would say it will not affect the diversion charges at Churchill, or other areas. Do you mean will it affect the use of these ports, will it restrict the movement of grain through Churchill and Prince Rupert—or do you mean the one and a half cent diversion charge?

Q. The diversion charge.—A. It will not affect the diversion charge at all; and while no one is yet in a position to state what pattern will be set for the movement of grain, we are hopeful it will reduce the cost for the movement of grain. We are hopeful it will be of benefit to the producers of grain, and in the long-term that we can take advantage of the seaway for Canada. But my personal view is that unless there is a marked change in the structure of ocean freight rates, the seaway is not going to adversely affect the business we have been enjoying the last few years out of Churchill, Prince Rupert and Vancouver. I do not think the savings that will be realized as a result of the seaway will offset the operating advantages the other ports have at the present time, due to the ocean freight rates that are prevailing.

The CHAIRMAN: Gentlemen, shall we proceed to paragraph 8?

Mr. TRELEAVEN: Mr. Chairman, this is a very long paragraph. Would you like it dealt with by sub-paragraphs?

The CHAIRMAN: What is the wish of the committee? Can we take this as read?

8. 1956-1957 Pool Account—Wheat

POLICY

In accordance with the Canadian Wheat Board Act, 1935, as amended, the Board administered an annual pool for wheat delivered to the Board between August 1, 1956 and July 31, 1957.

The fixed initial price for wheat for 1956-57 was \$1.40 per bushel basis No. 1 Northern Wheat in store Fort William/Port Arthur or Vancouver. This initial price was authorized by Order in Council P.C. 1956-884, June 7, 1956. Initial prices for grades of wheat other than No. 1 Northern were established by the Board and approved by Orders in Council.

Under Order in Council P.C. 1956-884, June 7, 1956 the Board was required to sell wheat, other than Durums, for domestic use at the same price as it sold wheat for registration under the revised International Wheat Agreement. In the case of Durum grades of wheat, the Board was authorized to sell these grades for domestic use at prices in excess of its selling prices under the International Wheat Agreement.

BOARD RECEIPTS

The following table shows receipts of wheat from producers, by months, for the period from August 1, 1956 to July 31, 1957:

	Bushels
August, 1956	4,726,362.6
September	15,039,254.1
October	38,521,392.1
November	37,550,491.8
December	23,460,431.2
January, 1957	32,355,019.8
February	26,133,925.3
March	25,435,333.5
April	20,092,200.4
May	25,242,503.6
June	43,126,364.0
July	69,675,285.8
Total	361,358,564.2

Board receipts from producers in 1956-57 amounted to 361.4 million bushels as compared with 352.2 million bushels in the previous crop year. Throughout the crop year producers' deliveries reflected the disposition of grains in domestic and export markets and the resultant space which could be made available in country elevators. The heaviest delivery months were October and November, 1956, and June and July, 1957. The volume of wheat delivered during the winter months reflected the steady export movement through Pacific Coast ports.

GRADE PATTERN

The following table shows receipts from producers, by principal grades, for the crop year 1956-57, along with the percentage of total receipts represented by each of the principal grades:

Grade (Including Toughs and Damps)	Bushels	% of Total
No. 1 Northern	1,565,902.3	.43
No. 2 Northern	58,663,980.2	16.23
No. 3 Northern	91,437,869.5	25.30
No. 4 Northern	81,721,596.0	22.63
Nos. 1 to 4 Durum (including Extra 4 Durum)	20,030,058.7	5.54
Nos. 1 to 3 Garnet	386,801.2	.11
No. 5 Wheat	75,282,842.0	20.83
No. 6 Wheat	21,587,290.7	5.97
Feed Wheat	2,707,782.7	.75
Other Grades	7,974,440.9	2.21
Total	361,358,564.2	100.00

Early frosts, combined with a period of unfavourable harvesting weather, severely lowered the grade pattern of Board receipts during 1956-57. Wheat deliveries to the Board in 1956-57 would include quantities of wheat carried

over on farms on July 31, 1956 which would be largely No. 2 and No. 3 Northern Wheat. The predominant grades delivered to the Board in 1956-57 were No. 3 Northern, No. 4 Northern and No. 5 Wheat, these three grades accounting for 69% of all deliveries. Producers' marketings of No. 2 Northern Wheat amounted to 58.7 million bushels as compared with 214.0 million bushels of this grade delivered in the previous crop year. Deliveries of No. 5 Wheat were 75.3 million bushels as compared with 14.0 million bushels in 1955-56. In point of volume, producers' deliveries of No. 4 Northern and No. 5 Wheat for 1956-57 were comparable to the deliveries of these grades in 1951-52 when the prairie provinces experienced a very unfavourable harvesting season.

TOTAL WHEAT STOCKS—1956-57 POOL

Total wheat stocks in the 1956-57 Pool were 519,399,455.3 bushels, consisting of 361,358,564.2 bushels received from producers, 898,653.8 bushels purchased from other than producers and 157,142,237.3 bushels transferred from the 1955-56 Pool to the 1956-57 Pools as at May 3, 1957.

1956-57 POOL ACCOUNT—WHEAT

The following table shows the operating position of the 1956-57 Pool Account—Wheat for the period August 1, 1956 to July 31, 1957. Some comment should be directed to the inventory valuation of \$476,884,644.28 shown on this statement. Unsold wheat as at July 31, 1957 amounted to 366,380,500.8 bushels, and, as in the preceding year, was valued at cost. The main part of the inventory consisted of receipts from producers and others for the account of the 1956-57 Pool, and these stocks have been valued at initial prices basis \$1.40 per bushel for No. 1 Northern Wheat in store Fort William/Port Arthur or Vancouver. A small portion of the inventory consisted of wheat transferred from the 1955-56 Pool to the 1956-57 Pool on May 3, 1957 and which was unsold as at July 31, 1957. These latter stocks were valued basis transfer prices. This basis of inventory valuation is used in presenting the operating position of the 1956-57 Pool Account as at July 31, 1957, even though the Board's asking prices for No. 1 Northern Wheat averaged \$1.61 $\frac{5}{8}$ per bushel basis in store Fort William/Port Arthur, and \$1.71 $\frac{1}{4}$ per bushel basis in store Vancouver for the period from August 1, 1957 to December 31, 1957.

1956-57 POOL ACCOUNT—WHEAT

The following table shows the operating position of the 1956-57 Pool Account from August 1, 1956 to July 31, 1957:

	Bushels	
1. Wheat acquired by the Board:		
(a) Producers' deliveries August 1, 1956 to July 31, 1957.....	361,358,564.2	
(b) Purchases from the 1955-56—Pool Account—Wheat.....	157,142,237.3	
(c) Wheat otherwise acquired ¹	893,653.8	
Total wheat acquired.....	519,399,455.3	
	(Value)	(Value)
2. Cost of wheat acquired.....		\$ 692,120,654.90
3. Proceeds of sales and value of unsold stocks of wheat as at July 31, 1957:		
(a) (i) Completed sales at realized prices.....	\$ 156,691,485.23	
(ii) Uncompleted sales at contract prices.....	81,886,891.83	
Total proceeds from sales.....	238,578,377.06	
(b) Value of unsold stocks of wheat stated at cost ²	476,884,644.28	715,463,021.34
4. Gross surplus as at July 31, 1957.....		23,342,366.44
5. Operating costs—August 1, 1956 to July 31, 1957:		
(a) Carrying charges on wheat stored in country elevators..	20,615,521.15	
(b) Storage on wheat stored in terminal elevators.....	3,445,241.01	
(c) Net interest paid on Agency wheat stocks.....	1,698,267.48	
	25,759,029.64	
Less: Carrying charges received under the		
Temporary Wheat Reserves Act.....	7,881,023.22	
Net carrying charges paid.....	17,878,006.42	
(d) Bank interest and exchange, etc., less net		
inter-account interest.....	870,398.72	
(e) Additional freight (net).....	179,945.46	
(f) Handling, stop-off and diversion charges.....	111,046.48	
(g) Drying charges.....	8,946.09	
(h) Administrative and general expenses.....	1,038,268.38	20,086,611.55
6. Credit balance in the 1956-57 Pool Account—Wheat, as at July 31, 1957, after valuing stocks of wheat on hand at cost prices basis in store Fort William/Port Arthur or Vancouver		\$ 3,255,754.89

¹Net bushels acquired from the adjustment of overages and shortages, etc., at country and terminal elevators at Board initial prices, basis in store Fort William/Port Arthur or Vancouver.

²See preceding paragraph for basis of inventory valuation.

OPERATING COSTS—1956-57 WHEAT ACCOUNT

Net operating costs applicable to the 1956-57 Pool Account amounted to \$20,086,611.55 to July 31, 1957. Carrying charges on wheat stored in country and terminal elevators amounted to \$25,759,029.64. This item was reduced by \$7,881,023.22* received from the Government of Canada under the Temporary Wheat Reserves Act and applied to the 1956-57 Pool Account to July 31, 1957. Net carrying charges were, therefore, \$17,878,006.42.

Interest and bank charges, less net inter-account interest, amounted to \$870,398.72. Net additional freight on wheat shipped from country elevators to terminal positions amounted to \$179,945.46. These charges arose mainly in the movement of wheat to the Pacific Coast from stations in western Saskatchewan from which there is a more favourable freight rate to Fort William/Port Arthur than to the Pacific Coast, and in the movement of low grade wheat to the Lakehead from Alberta stations. This item also reflects a credit of freight saved on wheat moved to Churchill. Handling, stop-off and diversion charges on wheat stored in interior terminals amounted to \$111,046.48. Drying charges were \$8,946.09. Administrative and general expenses applicable to the 1956-57 Pool were \$1,038,268.38 to July 31, 1957.

INTERNATIONAL WHEAT AGREEMENT

The crop year 1956-57 coincided with the first year of the new International Wheat Agreement which became effective on August 1, 1956. This Agreement provided for a maximum price of \$2.00 per bushel and a minimum price of \$1.50 per bushel basis No. 1 Northern Wheat in store Fort William/Port Arthur, expressed in Canadian currency at the parity of the Canadian dollar determined for the purpose of the International Monetary Fund as at March 1, 1949.

A total of 42 importing countries and 6 exporting countries participated in the Agreement in 1956-57.

In 1956-57 the total guaranteed quantity under the Agreement was 293.6 million bushels, and Canada's share of this total was 99.7 million bushels. During 1956-57 total wheat sales registered under the International Wheat

*See Supplementary Report of The Canadian Wheat Board for 1955-56, Page 3. Moneys paid to the Board under the Temporary Wheat Reserves Act from August 1, 1956 to July 31, 1957 were divided between the two operating Pool Accounts as follows:

1955-56 Pool Account—Wheat	\$20,935,742.58
1956-57 Pool Account—Wheat	7,881,023.22
Total	<u>\$28,816,765.80</u>

Agreement were 213.8 million bushels. Canadian sales registered under the Agreement for the crop year were 58.0 million bushels.

In 1956-57 the Board continued to represent the Government of Canada in the Administration of the International Wheat Agreement.

GENERAL COMMENTS ON THE MARKETING OF WHEAT—1956-57
STOCKS UNDER ADMINISTRATION

The Board commenced the crop year 1956-57 with an inventory of 309.9 million bushels of wheat for the account of the 1955-56 Pool. From August 1, 1956 to July 31, 1957 deliveries to the 1956-57 Pool amounted to 362.3 million bushels; therefore during the crop year the Board had under administration 672.2 million bushels of wheat for the account of the 1955-56 and 1956-57 Pools. The two Pool Accounts were administered concurrently until May 3, 1957 when the 1955-56 Account was closed and remaining stocks in that Pool

transferred to the 1956-57 Pool. From August 1, 1956 to May 3, 1957 sales were applied to the 1955-56 Pool Account to the extent that this Pool could supply the grades required for sales contracts. Sales contracts which could not be completed from the 1955-56 Pool stocks were credited to the 1956-57 Pool Account.

THE INTERNATIONAL WHEAT MARKET—1956-57

To appraise the crop year 1956-57 it is necessary to refer briefly to a preceding development.

Western Europe experienced a very severe winter in 1956 and the winter wheat crop for harvest in the following summer suffered severe damage. This factor, along with indicated reduced wheat shipments from Argentina, caused substantial European buying of wheat in the first half of the calendar year, 1956. Buying was for both early and deferred delivery. Canada shared in the improved market for wheat at the time.

The same circumstances indicated a considerably larger European and world market for wheat in the crop year 1956-57 than in the preceding crop year. The crop year opened on an optimistic note from the standpoint of exporting countries. As far as Canada was concerned the first three months of the crop year were satisfactory. Sales and exports were in line with expectations.

By mid-November the demand for Canadian wheat had eased considerably without any significant change in the actual and potential world demand for wheat over the period of the crop year.

The factor which led to the curtailment of the demand for Canadian wheat late in 1956 was the unprecedented disposal programme being developed by the United States. This disposal programme was to encompass all methods available to United States authorities in moving surplus grain into world markets. The methods included sales for local currencies, barter and long-term credit arrangements. Their export subsidies were geared to the maximum export movement of both wheat and flour. The full impact of the United States disposal programme became evident in December, 1956 and in the first four months of 1957. In these five months United States exports of wheat (including flour) amounted to almost 250 million bushels and averaged close to 50 million bushels per month. It was in this critical period within the crop year 1956-57 that the United States made it clear that the increase in world trade in wheat for the crop year would accrue in large measure to the United States and not to any other exporting country. Export pressure from the United States eased somewhat in May, 1957 but increased in intensity in June, 1957 when wheat exports amounted to 56.8 million bushels. Only in July, 1957 did United States wheat exports return to a reasonable level but by this time the history of the crop year 1956-57 had been determined.

In the crop year 1956-57 United States exports of wheat and flour amounted to 549 million bushels. These exports represented about 43% of world trade in wheat in 1956-57 and an increase of about 200 million bushels over United States exports for the previous crop year. It was this massive United States wheat export programme, largely carried out on a non-commercial basis, which not only made it impossible for Canada to secure the advantage of a larger world market for wheat in 1956-57 but actually caused a reduction in Canadian wheat exports as compared with 1955-56.

SALES POLICY

Throughout the crop year the Board carried out an aggressive selling policy. No effort was spared to secure the greatest possible volume of sales, although in the last half of the crop year United States competition limited the results which could be attained.

An important part of Board sales policy was concerned with pricing. The policy whereby a buyer could purchase Board wheat either at its daily quoted selling prices or on a deferred price basis was continued. Under the latter arrangement a buyer had the right to declare the final price up to eight market days after the date of call on shipment from St. Lawrence or Atlantic ports, and from fifteen to twenty-two market days from date of loading from Pacific Coast ports, depending on the destination of the shipment. A similar policy was applied to Churchill, the buyer having the right to declare the final price up to nine market days after the date of call. If the deferred price basis was selected by the buyer, provision was made for an accounting price to be established at the time of sale, but this price could be adjusted finally within the time limits provided for each shipping range.

The Board continued its policy of quoting separate selling prices for wheat basis in store Fort William/Port Arthur, basis in store Pacific Coast ports and basis in store Churchill. This policy was designed to give greater flexibility in Board pricing and had for its objective the making of Board wheat competitive in overseas markets irrespective of the port of shipment.

During the major part of 1956-57 only minor variations occurred in Board quotations for wheat in store the Lakehead and in store Pacific Coast ports. In the final three months of the crop year it was necessary for the Board to lower its selling prices for wheat in store the Lakehead in view of the level of ocean freights and other factors which were causing wheat shipped via the eastern route to be non-competitive in European markets. By July 31, 1957 the Board's quoted price for No. 1 Northern Wheat in store the Lakehead was 5 cents per bushel lower than in store Pacific Coast ports. Throughout the crop year the Board's quoted prices basis in store Churchill were 11 cents per bushel higher than quoted prices in store Fort William/Port Arthur.

Board pricing policies in 1956-57 should be examined from two viewpoints; namely, the trend of quoted prices for No. 1 Northern Wheat and developments in respect to Board pricing of grades other than No. 1 Northern Wheat. In the following paragraphs both elements in Board pricing are dealt with.

The following table shows monthly average Board asking prices for No. 1 Northern Wheat in store Fort William/Port Arthur, in store Vancouver and in store Churchill:

Monthly Average of Board Asking Prices I.W.A. and Class II Quotations Basis No. 1 Northern Wheat

	In Store Fort William/ Port Arthur	In Store Vancouver	In Store Churchill
	(cents per bushel)		
August, 1956.....	173 $\frac{1}{2}$	173 $\frac{1}{2}$	184 $\frac{1}{2}$
September.....	172 $\frac{1}{2}$	172 $\frac{1}{2}$	183 $\frac{1}{2}$
October.....	171 $\frac{1}{2}$	171 $\frac{1}{2}$	182 $\frac{1}{2}$
November.....	169 $\frac{1}{2}$	170 $\frac{1}{2}$	180 $\frac{1}{2}$
December.....	169 $\frac{1}{2}$	171 $\frac{1}{2}$	180 $\frac{1}{2}$
January, 1957.....	169 $\frac{1}{2}$	171 $\frac{1}{2}$	180 $\frac{1}{2}$
February.....	168 $\frac{1}{2}$	168 $\frac{1}{2}$	179 $\frac{1}{2}$
March.....	168 $\frac{1}{2}$	168 $\frac{1}{2}$	179 $\frac{1}{2}$
April.....	167 $\frac{1}{2}$	167 $\frac{1}{2}$	178 $\frac{1}{2}$
May.....	163 $\frac{1}{2}$	168	174 $\frac{1}{2}$
June.....	162 $\frac{1}{2}$	167 $\frac{1}{2}$	173 $\frac{1}{2}$
July.....	162 $\frac{1}{2}$	167 $\frac{1}{2}$	173 $\frac{1}{2}$

It will be noted from the foregoing table that Board asking prices for No. 1 Northern Wheat in store Fort William/Port Arthur and in store Churchill declined steadily throughout the crop year. The July, 1957 average of Board asking prices for No. 1 Northern Wheat in store Fort William/Port Arthur

and in store Churchill was $11\frac{1}{2}$ cents per bushel lower than the average asking price for August, 1956. In the case of asking prices for wheat in store Vancouver, the decline was $6\frac{1}{2}$ cents per bushel.

The extent of the adjustment in Board asking prices can be indicated by the fact that the highest price recorded within the crop year for No. 1 Northern Wheat in store the Lakehead was $\$1.73\frac{3}{4}$ per bushel during August, 1956. The lowest price recorded in the crop year for the same grade of wheat in the same position was $\$1.61\frac{1}{2}$ per bushel in July, 1957. Corresponding high asking prices and low asking prices for No. 1 Northern Wheat basis in store Vancouver were $\$1.73\frac{3}{4}$ per bushel in August, 1956 and $\$1.66\frac{1}{2}$ per bushel in July, 1957. For No. 1 Northern Wheat in store Churchill the range in Board asking prices extended from $\$1.84\frac{3}{4}$ per bushel in August, 1956 to $\$1.72\frac{5}{8}$ per bushel in July, 1957.

An important factor in establishing the level of Board asking prices in 1956-57 was the exchange value of the Canadian dollar. On August 1, 1956 the Canadian dollar was quoted at a premium of 1 27/32% in relation to the United States dollar. Premiums on the Canadian dollar increased steadily throughout the crop year reaching 5 15/32% on July 31, 1957. The effect of the exchange position during the crop year 1956-57 may be indicated. Between August 1, 1956 and July 31, 1957 Board asking prices for No. 1 Northern Wheat in store Fort William/Port Arthur declined by $11\frac{3}{4}$ cents per bushel. Of this decline $5\frac{1}{4}$ cents was due to the increase in the premium on the Canadian dollar and $6\frac{1}{2}$ cents was due to market factors. The decline in Board asking prices for wheat in store Vancouver was less drastic, amounting to $6\frac{3}{4}$ cents per bushel. This decline was due, in the main, to exchange. During the crop year 1956-57 prevailing premiums on the Canadian dollar had the effect of materially lowering the proceeds of Board sales of wheat and the income of the pool accounts under administration during the crop year.

The second important phase of pricing policy is the adjustment of asking prices for grades of wheat other than No. 1 Northern. At the start of the crop year 1956-57 discounts applicable to the grades No. 3 Northern, No. 4 Northern, No. 5, No. 6 and Feed Wheat were relatively wide. The widening of discounts of these grades of wheat had been an important phase of Board pricing in the crop year 1955-56. During 1956-57 a further widening of spreads occurred. The following table shows discounts under No. 1 Northern for other principal grades of wheat on August 1, 1956 and July 31, 1957 (basis Fort William/Port Arthur):

	No. 2 Northern	No. 3 Northern	No. 4 Northern	No. 5 Wheat	No. 6 Wheat	Feed Wheat
	(cents per bushel)					
August 1, 1956	—3	—12	—17	—32	—36	—40
July 31, 1957	—4	—11	—23	—38	—43	—44

The foregoing table shows the applicable discounts at the beginning and the end of the crop year 1956-57. Within the crop year, grade spreads were widened or narrowed to meet particular market situations as they arose. In the case of No. 3 Northern (Lakehead basis) the discount was narrowed to 8 cents per bushel during November, widened to 9 cents in February and 12 cents in March, narrowed to 8 cents in April, and widened to 10 cents in May and 11 cents in June. The discount for No. 4 Northern (Lakehead basis) was narrowed to 16 cents per bushel in October, 14 cents in November, widened to 18 cents in March, narrowed to 16 cents in April, widened to 18 cents in May, 19 cents in June and 23 cents by the end of the crop year. In the case of No. 5 Wheat (Lakehead basis) the discount was narrowed to 27 cents per bushel in August, 25 cents in November and 24 cents in January, and later widened

to 29 cents in March. By mid-April the spread for No. 5 Wheat was 30 cents per bushel and narrowed to 28 cents by the end of April. In late May the spread was increased to 29 cents per bushel, and in June and July widened to 35 cents and to 38 cents. Prices for lower grades of wheat must be kept under constant review because these grades are subject to intensive competition from similar qualities from other sources. Also, low grade wheat for feeding purposes is subject to competition from corn, sorghums and other feed stuffs.

These changing discounts within the crop year reflected market conditions—the demand for, and the availability of, particular grades of wheat at particular times.

Owing to the steady demand for the principal grades of wheat from Pacific Coast ports throughout 1956-57, the Board was able to maintain somewhat narrower grade spreads in quoting prices in store Vancouver.

Early in 1957 it became apparent that export markets for Canadian flour were being curtailed through severe price competition, particularly from subsidized flour exports from the United States. Part of the marketing difficulties in respect to flour was due to the fact that certain wheat exporting countries (particularly the United States) were differentiating between the relative price at which wheat and wheat flour were made available in seaboard positions for export. Since the movement of Canadian flour into export positions was substantially the same as in other exporting countries, the Board decided to adjust in a similar manner the position as between wheat for export and flour for export, the adjustment applying to countries that imported mainly flour. The flour adjustment policy did not apply on exports to the United Kingdom, other European countries or the United States.

The policy provided that the amount of the export flour adjustment rate would be announced by the Board each market day at 3:00 p.m. A provision was made for separate rates to be established for the various export outlets for Canadian flour. On March 1, 1957 the first export flour adjustment rates were announced. These were $4\frac{1}{2}$ cents per bushel for flour exported from Canadian Atlantic or U.S. Atlantic ports, 3 cents per bushel for flour exported via St. Lawrence ports and Churchill and 8 cents per bushel for flour exported via Canadian Pacific or U.S. Pacific Coast ports. Between March 1, 1957 and July 31, 1957 flour adjustment rates were increased to $8\frac{1}{2}$ cents per bushel via Canadian Atlantic or U.S. Atlantic ports, 8 cents per bushel via St. Lawrence ports and Churchill and 10 cents per bushel via Canadian Pacific or U.S. Pacific Coast ports.

In announcing the revised policy in respect to flour exports, the Board pointed out that the policy was subject to cancellation at any time.

Throughout the greater part of 1956-57 the ocean freight rate structure created difficult marketing conditions. The Suez crisis in the fall of 1956 had the effect of tightening ocean freight markets. Ocean freight rates from Pacific Coast ports to Western Europe practically doubled, increasing from about 31 cents per bushel early in the crop year to 59 cents per bushel by the end of 1956. Ocean freight rates from St. Lawrence ports to European destinations increased from about 28 cents per bushel early in the crop year to 44 cents per bushel during the latter stages of navigation in the St. Lawrence. Early in 1957, with the easing of tension in the Middle East, the international freight market declined sharply. Lack of confidence in the freight market reacted unfavourably upon the commodity movements in the first half of 1957 and created special problems in the marketing of Canadian wheat. The decline in ocean freight rates from Pacific Coast ports to European destinations was drastic. By the end of the crop year ocean freight could be purchased from Pacific Coast ports to European destinations for about 23 cents per bushel as compared with 59 cents per bushel in late December, 1956. Ocean freight rates

from St. Lawrence ports declined from a level of 44 cents per bushel in November, 1956 to a level of about 15 cents per bushel in July, 1957. The difference in ocean transportation costs from Pacific Coast ports and from St. Lawrence ports was such that the laid down costs of wheat from the West Coast were less than the laid down costs from St. Lawrence ports. It was this situation which caused the Board to adjust its selling prices for wheat basis in store Fort William/Port Arthur in an effort to achieve a reasonable volume of shipments via the eastern route. There is no way in which grain from the eastern of Saskatchewan and Manitoba can be moved to consuming markets other than the limited movement through Churchill, and a substantial movement through the Lakehead and eastern Canadian ports. The Board widened the differential between its asking prices in store Fort William/Port Arthur and Vancouver to the extent considered advisable, bearing in mind the current demand for wheat from Pacific Coast ports. This problem carried over into the crop year 1957-58 when additional adjustments in Board asking prices for wheat in store Fort William/Port Arthur were required.

In April, 1957 an arrangement was completed with Poland whereby the latter country purchased a substantial quantity of wheat for shipment prior to July 31, 1957 and a further quantity for shipment in 1957-58. The sale was implemented through a credit arrangement under the Export Credits Insurance Act.

SALES—1956-57

During the crop year 1956-57 Board sales of wheat were as follows:

	Total Sales
	(bushels)
Domestic Sales	69,384,401.2
Export sales at Class II prices	179,279,718.4
Export sales under the terms of the International Wheat Agreement	57,039,000.9
Wheat losses in transit and in drying	7,625.5
TOTAL	305,710,746.0

Board sales of wheat during the crop year 1956-57 amounted to 305,710,746.0 bushels, of which 152,691,791.5 bushels were applied to the 1955-56 Pool Account and 153,018,954.5 bushels were applied to the 1956-57 Pool Account.

The annual reports covering Board operations for the previous two crop years have reviewed in general terms United States surplus disposal programmes. These programmes were intensified during the 1956-57 crop year and for this reason it is desirable to outline briefly the policies which were followed.

Surplus agricultural commodities, including grains, are disposed of in export markets under three types of programmes:

(1) Disposal of Grains for Local currencies:

Title I—Public Law 480 and Section 402 of Public Law 665. Under these laws surplus agricultural commodities are sold abroad for the currencies of the importing country, and the funds so acquired are utilized by the United States in that country for market development, purchase of strategic materials, military procurement, purchase of goods for other countries under mutual assistance programmes, grants for multi-lateral trade

and economic development, loans for economic development within recipient countries and international educational exchange. In some instances sales under these programmes have involved credit arrangements up to forty years, with the bulk of the funds left with the contracting government for economic development in the recipient country.

To the beginning of the 1956-57 crop year a total of \$1.5 billion had been appropriated by Congress for activities under Title I of Public Law 480. A further \$1½ billion was appropriated for use during 1956-57 and virtually all of this amount was allocated under contracts signed with foreign governments. As at June 30, 1957 one hundred agreements had been entered into with thirty-four countries, twenty-four of which involved the disposal of wheat and/or flour, and twelve the disposal of surplus feed grains. Since the inception of the programme 454 million bushels of wheat or flour and 75 million bushels of feed grains have been disposed of. The recipient countries were Austria, Bolivia, Brazil, Chile, Colombia, Ecuador, Egypt, Finland, Greece, Iceland, India, Indonesia, Iran, Israel, Italy, Japan, Korea, Pakistan, Paraguay, Peru, Portugal, Spain, Turkey and Yugoslavia.

During the crop year 1956-57, 195 million bushels of wheat or flour were exported under Title I of Public Law 480 and Congress approved a further \$1 billion to continue the programme to June 30, 1958.

Sales for local currencies under the provisions of Section 402 of Public Law 665 amounted to \$164 million for good grains and feed grains during 1956-57. A minimum appropriation of \$250 million annually is earmarked for surplus disposal activities. In general, the foreign currencies are utilized for the same purposes as under Title I of Public Law 480. The commodity details of sales made under this programme are not available by country and, consequently, the amount of grain disposal in specific countries is not known.

(2) *Disposal of Grain for Famine and Disaster Relief:*

Title II—Public Law 480. Under this disposal plan surplus agricultural commodities are donated to relieve famine and disaster.

During 1956-57 a further appropriation of \$200 million was granted, bringing the total funds appropriated to \$500 million. Included is a provision whereby ocean freight costs may be paid on shipments under the programme and on donations of surplus foods through voluntary agencies and inter-governmental organizations in the United States. Wheat and flour donations during the 1956-57 crop year amounted to \$63 million exclusive of transportation costs, and feed grain donations totalled \$9 million. Donations of cereals have been made to the following twenty-six countries: Austria, Hungary, Yugoslavia, Afghanistan, Pakistan, Bolivia, Haiti, Italy, Libya, India, Turkey, British Honduras, Honduras, Germany (Federal Republic), Germany (Soviet Occupied), Morocco, Iran, Japan, Costa Rica, Mexico, Tunisia, Nepal, Vietnam, Guatemala, Peru and Czechoslovakia.

During the crop year a further \$300 million was approved for expenditure under this programme to continue its operation until June 30, 1958.

(3) *Disposal of Grains under Barter Arrangements:*

Title III—Public Law 480. Under this law surplus agricultural commodities may be exchanged for strategic materials entailing less risk of loss through deterioration, or substantially less storage costs; or materials, goods or equipment required in connection with foreign economic and military aid and assistance; or materials or equipment required for off-shore construction.

During 1956-57 a total of 80 million bushels of wheat and 67.6 million bushels of feed grains were exported from the United States under this provision.

Under the original programme barter contracts provided for the delivery of specified materials to the Commodity Credit Corporation with payment in surplus agricultural commodities which were exported by the contractor. The origin of materials and the destination of agricultural commodities were limited to friendly countries but were not required to be identical.

During the early part of the crop year there was keen interest in this programme by traders because of the favourable terms granted under barter contracts. It became apparent, however, that barter activities were displacing normal commercial exports of the United States and, as a result, the terms and conditions of sale under barter contracts were modified and activities under this programme restricted. The contracting countries were separated into two groups:

- (a) Countries where United States commercial trade in wheat, feed grains or cotton is negligible, and where shipments of these products under the barter programme could be assumed to represent additional marketings;
- (b) Countries considered to be dollar markets for United States agricultural products, to which shipments under barter contracts could be made only if such shipments represented net additions to United States exports. A written statement to this effect must be submitted to the Commodity Credit Corporation by a responsible official of the importing country before a contract is validated. The Commodity Credit Corporation must be fully assured that exports under the programme do not, in fact, displace normal commercial marketing of the United States.

Operations were further restricted by the Commodity Credit Corporation designating the commodities available for exchange by requiring that interest must be paid by the shipper for any time lag between delivery by the Corporation of the surplus commodity and delivery to the Corporation of the bartered material; by preventing trans-shipments from the contracting country; and by limiting the bartered materials to goods not processed or produced in the United States.

A total of forty-one countries have received surplus agricultural commodities under this programme, but the details by country of destination have not been made public.

In addition to disposal of surplus materials under these formal programmes, the Commodity Credit Corporation throughout the year sold grains for export shipment on a bid basis. This procedure had the effect of depressing markets (for feed grains in particular) and interfering with normal commercial exports of such grains from Canada.

EXPORTS

The following table shows exports of wheat (including flour) by months for the crop year 1956-57:*

	Million Bushels	
August, 1956	29.3	
September	27.8	
October	24.0	
November	24.4	
December	21.3	
January, 1957	17.4	144.2
February	14.8	
March	16.8	
April	15.2	
May	23.3	
June	25.0	
July	22.4	117.5
TOTAL		261.7

Total wheat exports, including flour, amounted to 261.8 million bushels in the crop year 1956-57 as compared with exports of 309.8 million bushels in 1955-56.

Some comment should be directed to the seasonal aspect of wheat exports in 1956-57. In the first half of the crop year (August, 1956 to January, 1957 inclusive) exports amounted to 144.2 million bushels. This level of exports in the first half of the crop year was considered to be satisfactory especially in view of the fact that exports during the first half of the crop year 1955-56 had amounted to 116.4 million bushels.

For reasons which have been stated, exports declined sharply in the second half of the crop year. For the period from February through July exports of wheat (including flour) were 117.5 million bushels as compared with near record exports of 193.4 million bushels during the corresponding period in 1955-56.

*Source: Board of Grain Commissioners for Canada. Includes exports of Ontario Winter Wheat.

EXPORTS OF WHEAT AND WHEAT FLOUR*

CROP YEARS 1956-57 AND 1955-56

Continental Areas and Countries

	Crop Year 1956-57			Crop Year
	Wheat	Flour (Wheat Equivalent)	Total	1955-56
		(bushels)		Total
EUROPE:				
United Kingdom.....	79,629,421	10,806,097	90,435,518	109,446,122
Germany.....	36,286,718	4,253	36,290,971	29,569,806
Belgium.....	16,038,771	548,000	16,586,771	16,652,244
Netherlands.....	11,189,926	3,703	11,193,629	8,748,585
Switzerland.....	10,754,029	414	10,754,443	6,554,700
Poland.....	9,523,546	—	9,523,546	14,007,000
France.....	4,024,686	—	4,024,686	1,736,572
Norway.....	3,602,797	—	3,602,797	4,563,597
Ireland.....	2,641,147	322	2,641,469	3,149,710
Italy.....	2,415,661	2,300	2,417,961	6,644,543
Austria.....	2,126,693	—	2,126,693	2,662,461
Malta.....	1,550,267	—	1,550,267	1,213,893
Denmark.....	353,397	11,247	364,644	5,028
Gibraltar.....	—	89,270	89,270	84,946
Portugal.....	—	53,417	53,417	38,449
Iceland.....	—	9,343	9,343	19,506
Sweden.....	—	7,296	7,296	—
Greece.....	—	1,824	1,824	58,815
Yugoslavia.....	—	2,702	2,702	7,013
U.S.S.R.....	—	—	—	14,790,447
Czechoslovakia.....	—	—	—	12,800,390
East Germany.....	—	—	—	2,037,100
Hungary.....	—	—	—	1,129,807
Finland.....	—	—	—	735,678
TOTAL.....	180,137,059	11,540,188	191,677,247	236,656,412
ASIA AND OCEANIA:				
Japan.....	34,407,170	693,434	35,100,604	29,439,868
Philippine Islands.....	—	5,353,108	5,353,108	6,353,460
Israel.....	1,668,800	—	1,668,800	724,266
Pakistan.....	975,533	3,156	978,689	—
Hong Kong.....	297,836	550,347	848,183	1,209,840
Ceylon.....	—	440,496	440,496	618,275
Thailand.....	—	408,232	408,232	346,628
Malaya and Singapore.....	—	401,416	401,416	484,734
Cyprus.....	371,000	—	371,000	343,467
Lebanon.....	—	254,744	254,744	103,067
Okinawa.....	189,243	—	189,243	—
Portuguese Asia.....	—	205,854	205,854	253,863
Arabia.....	18,660	29,447	48,107	46,017
French Oceania.....	—	31,825	31,825	57,132
Guam.....	—	17,135	17,135	39,501
Other Countries.....	—	1,512	1,512	3,591
TOTAL.....	37,928,242	8,390,706	46,318,948	40,023,709
CENTRAL AMERICA AND THE CARIBBEAN AREA:				
Trinidad and Tobago.....	—	1,463,196	1,463,196	2,264,743
Jamaica.....	7,633	1,398,692	1,406,325	1,498,276
Leeward and Windward Islands.....	—	915,747	915,747	1,095,130
Costa Rica.....	—	475,530	475,530	564,955
Dominican Republic.....	—	390,110	390,110	461,821
El Salvador.....	64,007	249,037	313,044	292,625
Nicaragua.....	—	257,841	257,841	311,982
Haiti.....	—	246,976	246,976	477,382
Barbados.....	833	244,147	244,980	394,518
Bahamas.....	—	244,311	244,311	252,632
Cuba.....	1,916	240,884	242,800	596,877
Guatemala.....	123,104	117,454	240,558	345,027
Panama.....	—	209,703	209,703	254,809
Netherlands Antilles.....	—	142,614	142,614	202,609
Bermuda.....	—	112,318	112,318	116,660
Honduras.....	—	65,357	65,357	74,468
British Honduras.....	—	17,358	17,358	31,624
Other Countries.....	—	21,509	21,509	6,446
TOTAL.....	197,493	6,812,784	7,010,277	9,242,584

EXPORTS OF WHEAT AND WHEAT FLOUR*—*Concluded*

CROP YEARS 1956-57 AND 1955-56

Continental Areas and Countries

	Crop Year 1956-57			Crop Year 1955-56 Total
	Wheat	Flour (Wheat Equivalent)	Total	
		(bushels)		
SOUTH AMERICA:				
Venezuela.....	28,307	2,931,656	2,959,963	3,535,198
Peru.....	2,805,600	24,610	2,830,210	1,145,447
Ecuador.....	322,446	—	322,446	1,415,305
British Guiana.....	—	216,069	216,069	243,992
Surinam.....	—	165,266	165,266	194,050
Colombia.....	—	115,962	115,962	209,353
Other Countries.....	—	115	115	7,429
TOTAL.....	3,156,353	3,453,678	6,610,031	6,750,774
AFRICA:				
Ghana.....	—	716,409	716,409	717,021
British South Africa.....	473,872	—	473,872	—
Belgian Congo.....	—	336,237	336,237	749,435
Rhodesia.....	302,774	6,044	308,818	477,546
Nigeria.....	—	242,310	242,310	290,912
Sierra Leone.....	—	215,733	215,733	319,415
Portuguese East Africa.....	189,840	17,549	207,389	190,268
Portuguese West Africa.....	—	34,252	34,252	59,920
Azores and Madeira.....	—	19,883	19,883	50,203
Other British West Africa.....	—	19,320	19,320	—
Morocco.....	—	15,433	15,433	21,360
Liberia.....	—	11,868	11,868	—
Gambia.....	—	9,248	9,248	37,183
Other Countries.....	—	3,758	3,758	46,127
Union of South Africa.....	—	—	—	5,240,705
TOTAL.....	966,486	1,648,044	2,614,530	8,200,095
NORTH AMERICA:				
United States.....	—	1,676,608	1,676,608	—
Milling in Bond.....	1,114,084	—	1,114,084	562,395
Domestic Use.....	4,757,417	—	4,757,417	7,693,553
Other Countries.....	—	17,583	17,583	51,023
TOTAL.....	5,871,501	1,694,191	7,565,692	8,306,971
All Other Countries.....	—	—	—	920
GRAND TOTAL.....	228,257,134	33,539,591	261,796,725	309,181,465

*Source: Board of Grain Commissioners for Canada. Includes exports of Ontario Winter Wheat.

During the crop year Europe provided the largest regional market for Canadian wheat and flour. Exports to Europe amounted to 191.7 million bushels as compared with 236.7 million bushels in the previous crop year. The decline in Canadian exports to Europe resulted, in the main, from a reduction in the quantity of wheat exported to Poland and the fact that the U.S.S.R., Czechoslovakia, East Germany, Hungary and Finland did not purchase Canadian wheat in the crop year 1956-57. In February, 1956 the U.S.S.R. signed an agreement with Canada providing for the purchase of from 400,000 to 500,000 tons of wheat in each of the three years covered by the agreement. The U.S.S.R. had until February, 1958 to purchase wheat in the second year of the agreement and purchases were made subsequent to August 1, 1957. It so happened that Russian purchases of Canadian wheat under the agreement did not fall within the crop year 1956-57.

Exports to European countries outside of Eastern Europe were 9 million bushels less than in the previous crop year. Exports to the United Kingdom declined by 19 million bushels, the decline being due to larger British imports

from the United States of low grade wheat or wheat with guaranteed protein which was available in the last half of the crop year in volume and at relatively low prices. Exports to countries in Continental Western Europe exceeded exports of the previous crop year. Exports to Germany, The Netherlands, Switzerland and France were substantially higher than in 1955-56, and Canadian exports to Belgium were fully maintained. Slightly smaller exports were made to Norway, Ireland and Austria. Italian purchases were limited by the substantial crop harvested in Italy in 1956.

In Asia exports of Canadian wheat and flour were higher than in the previous crop year, the improvement being represented by increased exports to Japan, Israel and Pakistan.

Exports to Central America and the Caribbean Area are largely in the form of flour and were moderately smaller in 1956-57 than in the previous crop year.

Exports to South America were fully maintained in 1956-57. Smaller purchases by Venezuela and Ecuador were offset by larger exports to Peru.

In Africa the decline in exports was largely due to the fact that in 1955-56 the Union of South Africa had purchased 5.2 million bushels of wheat from Canada. Improved production in 1956 made it unnecessary for the Union of South Africa to import Canadian wheat in 1956-57.

United States imports of Canadian wheat for consumption (mainly wheat for feed) amounted to 4.8 million bushels as compared with 7.7 million bushels in the previous crop year. This decline reflected the adequacy of the feed grain supply of the United States. Reduced exports of wheat for consumption in the United States were partially offset by exports of Canadian flour to the extent of 1.7 million bushels.

WHEAT EXPORTS BY PORTS*

Exports of wheat (including Ontario Winter Wheat) through Eastern Canadian ports in 1956-57 amounted to 101.5 million bushels, of which 82.7 million bushels were shipped through St. Lawrence ports. Wheat shipments through Atlantic winter ports were 18.8 million bushels.

Pacific Coast clearances amounted to 104.1 million bushels for 1956-57 and a record shipping programme was again established at the Port of Churchill, with clearances reaching 16.3 million bushels. Exports of wheat to destinations in the United States were 5.9 million bushels, while .5 million bushels were exported to other countries through the United States Atlantic seaboard.

UTILIZATION OF SPECIAL ACCOUNT

Section 29A of the Canadian Wheat Board Act provides that unclaimed balances in the hands of the Board which are six years old or more may, with the approval of Governor in Council, be transferred to a Special Account. The Act specifically sets forth that these funds shall be used "for such purposes as the Governor in Council upon the recommendation of the Board may deem to be for the benefit of producers."

During the summer and fall of 1957 the Board arranged for five visiting missions from important grain importing countries. The purpose of the missions was to see at first hand the methods of handling and marketing of western grain. In most cases it was possible for the visiting missions to see the 1957 harvesting, in addition to observing and studying Canadian handling and merchandising methods in Winnipeg and other parts of Canada.

In mid-May a mission representing the barley trade of the United Kingdom visited Canada to study the handling, grading and merchandising of

*Source: Board of Grain Commissioners for Canada.

Canadian barley. The second mission came to Canada in June and consisted of the leading cereal chemists of Belgium, The Netherlands and Switzerland. The itinerary and programme for this group was arranged by Dr. J. A. Anderson, Chief Chemist, Board of Grain Commissioners for Canada.

In August the third mission was from Austria and this visit was directed towards the handling, grading and merchandising of Canadian wheat. In late August a fourth mission representing Cooperative Wholesale Society Limited, United Kingdom, arrived in Canada to inspect and study grain handling facilities and methods. The final mission of the year was one representing the milling industry of the Federal Republic of Germany. This group was given every opportunity of observing the production, marketing and processing of Canadian wheat.

In arranging the work and programme for visiting missions the grain trade in Winnipeg and elsewhere, and other interests in Canada, cooperated generously. The Board would like to acknowledge especially the help of the following in connection with the 1957 missions; The Board of Grain Commissioners for Canada, including the Grain Inspection Branch and the Research Laboratory; the Dominion Laboratory of Plant Pathology, Winnipeg; the Dominion Laboratory of Cereal Breeding, Winnipeg; the Plant Products Division, Production Services, Department of Agriculture, Winnipeg; the Saskatchewan Wheat Pool, Regina; the Manitoba Pool Elevators, Winnipeg; the United Grain Growers Limited, Winnipeg; the Experimental Farm Services, Department of Agriculture, Ottawa; the Department of Trade and Commerce, Ottawa; Toronto Elevators Limited, Toronto; the Quaker Oats Company, Peterborough; the National Harbours Board, Montreal and Churchill; the shippers and exporters of Vancouver, Winnipeg and Montreal; and the milling industry of Canada.

SALES PROMOTION

During the crop year the Board received effective co-operation from grain shippers and exporters and the Canadian milling industry in their capacity as agents of The Canadian Wheat Board.

Members and officials of the Board continued close contact with overseas wheat and flour markets. In 1956 members of the Board visited the United Kingdom, The Netherlands, Belgium, Austria, Italy, Germany, Switzerland, France, Denmark, the U.S.S.R., Hungary, Czechoslovakia, Poland, Japan, Hong Kong and the Philippines. The London and Rotterdam offices of the Board maintained close liaison with all importing countries in Western Europe.

The Board, in co-operation with the Board of Grain Commissioners for Canada, arranged for A. W. Alcock and G. N. Irvine, Cereal Chemists, to visit Japan to discuss milling and baking procedures with interested individuals and trade associations. The visit was useful from the standpoint of utilization of Canadian wheat in the Japanese market.

The Canadian Wheat Board film entitled "Canadian Wheat" is circulating in practically all importing countries and is now available in the French, German, Portuguese, Italian, Polish and Japanese languages.

The Board wishes to acknowledge the assistance which it received throughout the crop year from the Grain Division, Department of Trade and Commerce, Ottawa; the Canadian Trade Commissioners' Service and the Board of Grain Commissioners for Canada. These agencies were very helpful in facilitating the marketing of Canadian wheat and flour.

The CHAIRMAN: Any questions on paragraph 8?

Mr. McNAMARA: It is a long paragraph dealing not only with the pool accounts, the international wheat agreement, the general marketing situation, our sales policy and the American policies that were referred to previously.

MR. THOMAS: I would suggest, Mr. Chairman, if we just go through it by sub-headings. For instance, there is a question or two I would like to ask in connection with the international wheat agreement.

The CHAIRMAN: Regarding policy, any questions?

Board receipts?

Grade pattern?

By Mr. Horner (Acadia):

Q. Another question I had in mind would be under grade pattern or board receipts. What grade of wheat and so forth is used in determining the initial payment and final payment. In 1956-57 the final payment on No. 4 wheat was 2.7 cents, or something, and that was determined by the amount of grain grown. I wonder if a separate pool is kept under each grade?—A. Yes, a separate pool is operated, but that statement should be qualified by pointing out that that does not mean that the price at which we sell the 4 northern at a particular time just goes into that pool. We maintain, through a system of accounting, a general level, but the spread that the 4 northern is sold at under the level of 1 northern is reflected—we might say four northern at the present time under the initial payment price had a 15 cent discount under No. 1 northern, but the market spread has been as much as 22 cents, I think it was up to 24 cents a bushel under No. 1 northern. That is the spread that this 4 northern sold at as related to the basic level; and the sales in the pool are reflected in the final payment. The fact is that the wheat purchased, the 4 northern, in the 1956-57 crop year and in this last crop year was at a discount or at a narrower spread related to 1 northern. But we could not merchandise it at that spread, and that has led to a lower final payment.

Q. When it reaches this figure for No. 4 wheat, you spoke of some difference of, say, 22 cents, I think you referred to, under No. 1 wheat; the abundance of No. 4 wheat had some influence on whether you sold it. You did sell it cheaper because you had more of it?—A. Yes, that is it. You see, we have a level on No. 1 northern of \$1.70, and we can sell it at that level; but if 4 northern is in heavy supply as it has been, and is not moving freely into consumption we will sell this grade at a discount of 16 cents, 17 cents, 18 cents, 20 cents under No. 1 which is the level at which we can move it. And it is this spread under the level of 1 northern that determines the amount of the final payment paid to the producer of the 4 northern. These spreads may fluctuate or vary very freely for the various grades to a level at which the various grades can be moved.

Q. The reason I asked that question was that looking into the next year, 1957-58, one cannot assume that No. 4 northern would be again subsidized to the extent of 15 cents under what it might sell for—15 cents below No. 1 wheat in the next crop pool?—A. It may, but I am not that optimistic, because we are carrying in the 1957-58 pool large deliveries which have just been completed, and we have a heavy, heavy stock of 4 northern. That is a very slow-moving grade at the present time. In fact, if it was not for assistance we received this year from various programs under the Colombo Plan and so on, that produced arrangements for the movement of No. 4 northern wheat, we would be in a serious position with regard to our 4 northern. Our 4 northern, as Dr. Anderson and Mr. Milner will be explaining to you, is not one of the premium wheats in the world market. There are other wheats that can compete favourably with 4 northern, whereas in the high grades we have a quality which other countries have difficulty matching. When you get into 4 northern you run into difficulty from our friends to the south and other countries.

Q. Another question in your report, I see the percentage of No. 1 northern was .43 per cent. Would you say wheat was deteriorating to that extent? The farmers in the west think that No. 1 northern is a forgotten grade, that there is no such thing. They feel they are still growing as good wheat, but they are

just not getting grades. Would you say they are not growing No. 1 northern any longer and that the wheat is not as good?—A. I would suggest that you ask Mr. Milner that question, I will be an interested listener.

By Mr. Forbes:

Q. Do all the grain companies in Canada act as agents for the Wheat Board?—A. Not all in Canada, no, because there are some dealers in eastern Canada that are not interested in the movement of western grain. But generally speaking all the companies that operate elevators within our designated areas act as agents. Also, all the international houses as well as the Canadian houses engaged in export business do become agents of our board and act for us.

Q. They would sell principally class 2 wheat?—A. Well, actually there is no difference for class 2. The price for wheat sold under International Wheat Agreement is the same price as the price to all other buyers. Even though the board as such negotiates some of the business, or whether it is the heads of government or purchasing agents in the various countries that arranges the purchase it is the Canadian grain trade that finalizes the transaction and moves the grain forward and completes the transaction. They are a very, very valuable arm of our organization. I would not want to minimize the assistance we get from the grain trade generally in selling and handling our grain and in our efforts to merchandise it.

Q. Would you accept an offer on a quantity of wheat or have you a set price they must pay?—A. We will accept an offer. Usually when you talk about somebody accepting an offer you think of accepting it at a bargain price; but I should not say we would do that. Of course, the trade are in touch with us constantly during the marketing period, and have various transactions on which they are working. On occasions they come in and make us an offer which may be below our asking price for that particular grade. If in the opinion of the board it is a price we would be well advised to accept, we will accept that offer. When we do, we lower our price to all the other customers. We only have one price to all customers in effect at the same time. So if we accept an offer below our asking price, that automatically becomes the new price to other buyers.

Q. Do signatories to the International Wheat Agreement have the same opportunity to make an offer as those parties who buy class 2?—A. Yes, the International Wheat Agreement is just an agreement between countries in which if the importing countries ask the government to make wheat available at the maximum price, the exporters must do so. Conversely the floor on international wheat is the minimum at which the exporting members have the right to merchandise wheat. It has the advantage that we can go to someone and say, "Now, live up to your obligation, we want you to take this wheat at \$1.50 per bushel".

The only obligations under the agreement are at the ceiling and at the floor. But the market is trading, as it has traded the last few years, within the range of the wheat agreement prices. We are recording various transactions and reducing the exporters' or importers' obligations by the amount of purchases which are made within the agreement. But in the general trade we handle it exactly the same way whether it is an I.W.A. country or whether it is outside the I.W.A.

With some countries we are doing more business outside the wheat agreement than we are within, but if they ask us to record it under the wheat agreement we do so. They ask us to record a sale as I.W.A. and we record the transaction against their obligation in the books of I.W.A.

By Mr. Muir (Lisgar):

Q. I think I will ask a further question on this grade pattern. Do you have the percentage of the total on one northern?—A. No, we can easily get it. I think you will find the Board of Grain Commissioners will be in a position to give you that information. It deals with the grading, and we have nothing to do with the grading.

Q. I am just wondering whether in connection with our new stocks of wheat, whether it is because of the wheat we are growing now or because of the weather or other factors, but there has been a great decrease in the amount of No. 1 northern grown on the prairies.—A. I appreciate that, and I think Mr. Milner will be able to give you full particulars regarding that.

The CHAIRMAN: Total wheat stocks—1956-57 pool.

1956-57 pool account—wheat.

Operating costs.

International Wheat Agreement.

By Mr. Thomas:

Q. I would like an opinion from the chairman of the board as to whether they feel that this international agreement is serving a good purpose as far as Canada is concerned. I do not want to get you into any expression of policy, sir, but can you tell us how the Wheat Board feels about it?—A. Well, I would be very glad to. I think it probably should be more of a personal opinion than the consolidated views of the Canadian Wheat Board as such, although I have every reason to feel that my colleagues share to a degree, my views about the International Wheat Agreement.

I have had the opportunity of representing Canada, I think, in all the discussions that led up to the adoption of this agreement. I am personally a very, very strong believer in international cooperation, and in international cooperation in so far as wheat is concerned. I believe that the agreement has been a distinct advantage to Canada, to the exporting and importing countries, and I am hoping that it will be renewed when it is up for renewal in this coming year.

Now, sir, if you ask me to set out in black and white the direct benefits that we secure from the International Wheat Agreement it would be difficult, because, as the critics of the agreement point out, countries are trading within the maximum and minimum and the agreement is not being implemented. I do know there are many, many intangibles that we as exporters realize that the International Wheat Agreement provides. We have a number of meetings of buyers, the representatives of all the importing countries, and we have discussions on problems. It certainly gives us an opportunity of meeting with the people who are using and buying Canadian wheat.

In so far as the prices are concerned, even though the prices have not been effective since the days under the agreement when wheat was called at the ceiling, I am satisfied with the fact that there is an agreement, with the fact that producers recognize the necessity of a maximum price on wheat when wheat is in short supply. The consumers, through the agreement, recognize there is a fair price on wheat when wheat is in surplus supply; they accept the fact that this international agreement exists, that it has been of material assistance to Canada and the other exporting countries in maintaining the price levels we have enjoyed, notwithstanding the enormous surpluses that we have had in the world. I would go further and say I believe that the fact that there is an International Wheat Agreement to which the major exporters are members, and the major importers except the United

Kingdom are members, has enabled Canada along with the United States, Australia and the other exporting countries to cooperate more closely in maintaining price levels, regardless of the surplus position. That is why, sir, we hope that this agreement will be renewed. I am very pleased that our government has seen fit to indicate at this time without commitment, of course, that Canada will again be prepared to sit around the table with the other nations of the world and see if an arrangement can be made to renegotiate the agreement.

It may be a different type of agreement. Probably there are some changes which are desirable. Personally, I would hate to see less international cooperation in wheat than has been the case under an international wheat agreement.

By Mr. Rapp:

Q. I would like to ask a question which would take us back a few years. It concerns the five cents which kept the United Kingdom out of the international wheat agreement. Would that not have a detrimental effect on our trade policy?—A. I believe that was dealt with quite a few years ago.

Q. I do not wish to ask you to answer it then.

The CHAIRMAN: It is not a matter which is before us here today.

By Mr. Gundlock:

Q. I would like to go back a couple of paragraphs. There is an item under "total wheat stocks, 1956-57 pool", and the 898,653.8 bushels which were purchased from others than producers.—A. There is a footnote there. It reads:

Net bushels acquired from the adjustment of overages and shortages, etc., at country and terminal elevators at Board initial prices, basis in store Fort William, Port Arthur, or Vancouver.

The point is that in the weigh-up of these terminals, if there is an overage, they cannot sell it for their own account. There is provision whereby we buy at the initial payment price the overage, but they do not participate in any additional future payments we make.

In the year we are discussing, that grain would show up in "other than from producers".

Q. I had in mind some of the older farmers who were retired and selling out, and who had stocks of wheat on hand.—A. No. Their grain would come in as producer's grain.

In the last two months we have made substantial progress in being able to relieve some of the cases of people in their sixties and seventies who have retired.

When we reach the six bushel level and we are going on to seven, we endeavour, as far as possible, to take in all these older folk grain. This situation has improved very considerably in the last few months.

By Mr. Muir (Lisgar):

Q. How long does that wheat agreement have to run?—A. One more year. A preliminary conference will be held in October or November of this year to discuss under the auspices of the United Nations, the possibility of renewing it, and if it is decided to go ahead, a conference will be held in January.

The CHAIRMAN: Are there any general comments on "Stocks under administration", or "The international wheat market—1956-57"? Or "Sales policy"?

By Mr. Muir (Lisgar):

Q. I think this would be the proper place to put the question that I raised earlier in the meeting in regard to why our sales for that particular year have dropped from 309 to 266 while the total sales rose by 240? I know there is an answer to that question which I think might be interesting to the committee.—A. As I indicated earlier, the major factor of the disappointing realization of 1956-1957 as compared to the previous year and particularly as compared to the extension of the movements into international trade that year, can be directly attributed to the activities of our friends below the border.

As indicated in our report, Europe had suffered a lower crop than normally, due to the frost.

France, instead of being an exporter, was becoming an importer, and there was a demand for wheat that exceeded the demand in previous years.

But unfortunately due to the competition that developed particularly with regard to some of the American policies, Canada did not enjoy the increase in the demand that we normally would have expected or that I think we were entitled to enjoy.

This was the year when the Americans extended their various types of disposal programs. We have outlined in our annual report the various programs under which their grain was disposed of.

I think the most serious competition with which we were confronted, a competition that we did not have any tools to match, was the barter program that the government of the United States developed.

Speaking from memory I think it was about 80 million bushels of wheat that was sold by the Americans in competition with Canadian wheat in our main markets of Europe under Barter.

Substantial quantities were merchandized in the British Isles regardless of the Canadian preference as well as in France and in other countries.

It was competition that we found we could not compete with because it was related to strategic materials being bartered by American firms handling this business for them.

It was not just a case of our lowering the price to meet competition, because that would not have produced results.

I am happy to say that as a result of representations made by our government to Washington, there is a realization by our friends in Washington that these barter sales do obstruct Canada's as well as America's commercial marketings and the situation is not now as critical as it was in the previous twelve months. But I can say that competition was particularly vicious during 1956-57 which is the crop year that we are considering today.

Q. During that period our government did not deliver any grain to the Colombo countries?—A. Oh yes; we had a Colombo plan program that year, but not as extensive a program as the one which has been in operation during the past crop year.

Q. There has been some grain moved?—A. Yes, but in limited quantity.

By Mr. Horner (Acadia):

Q. Under this same sales policy, there are no terms set out by the government in the payment to extend credit in the case of one country on sales of wheat.—A. Yes. Generally parliament does not "fund" the board. We have no funds of our own for the purpose of extending credit because we require the funds to pay the producers. Most of our operations are done through loans from the bank. If we extended credit, we would have to be prepared to borrow money, and it would delay the closing out of the various pools.

This question of selling on credit is a very complex one. I think I am on safe ground in saying that as a board—although we realize fully that under

conditions which exist today, we must face up to selling wheat on credit—that we have not found it particularly advantageous in developing marketing policies or in dealing with various customers.

Wheat is a commodity which is consumed almost as rapidly as it is procured. With some of these countries with whom we have dealt on credit we find that when the time for repayment comes around in two or three years, if they require further wheat, their first approach is to have the terms or the provision of credit extended, or to re-negotiate more favourable terms; and in some cases, unfortunately, we find that they tend to look to new sources of supply for their next requirements.

So it is not business which a country like Canada,—which should be a permanent exporter of grain, and which should have a long range sales policy before it—should embark upon.

A large percentage of our business is done with our traditional customers, the United Kingdom and western European countries.

If we were to extend credit provisions to certain countries, it would immediately raise the question in the minds of our traditional customers: are we discriminating against them?

In a year like the past year money was tight, and the bank rate in England was seven per cent. A buyer would become interested in the possibility of getting Canadian grain on credit if it could be financed easier in Canada or in North America.

It was with this in mind that we suggested to the government that we recognize credit as being necessary under these conditions, but that it should be approached very carefully, and if possibly confined to countries such as eastern European countries where the western world recognizes communistic competition and where we are trying to help them.

The British buyer does not think that because we deal on credit with Poland, that he should be given the same terms, nor does he object when we make special arrangements for Colombo plan countries, or with under-developed countries.

But as far as Canada is concerned, when we have 300 million bushels of wheat a year to dispose of, the question of extending credit raises very serious problems for the government.

My first view is—and it is shared by my colleagues on the board—that the matter of credit sales should be approached very carefully.

We think it is better to keep the Canadian Wheat Board out of it. Then we cannot be accused of playing favourites.

In so far as the government is concerned, if it is a matter of negotiation between the governments of two countries, particularly when guaranteed by the government, the chances of repayment are much better than if handled on a purely commercial basis. I think the approach of the government on the matter of credit has been very sound.

By Mr. Gundlock:

Q. I would like to ask just what figure the board considers a surplus quantity figure?—A. That was recognized by parliament in the Temporary Wheat Reserves Act: that a surplus quantity of wheat over and above 178 million bushels, would be considered as an abnormal surplus.

The government pays the carrying charges on that quantity, over 178 million bushels.

Speaking personally, I would be alarmed to see our grain stocks depleted to that extent. We have a surplus problem and we are all glad to see our wheat disposed of. But we can service our customers more efficiently if we have on hand stocks of the various grades and are always in a position to meet their requirements.

In some years when we were sold out of certain grades we lost some sales which would not have been the case if we had had adequate supplies in position.

I think, roughly speaking, that from 200 million to 250 million bushels in commercial position is a normal reserve for a country like Canada which is trying to export 300 million bushels a year.

By Mr. Thomas:

Q. I know that some of the farm organizations have been talking for several years about a special two-price system. Would the chairman of the board care to comment on the difficulties of such system as applied to Canada, or is that a subject which should not be discussed here.—A. I think that is really a question of government policy and a decision of parliament with regard to it.

However, I must admit that I would like to see the western producers get the benefit of the increased money that would come to the board as a result of a higher domestic price. But I can see some complications in our operations particularly in our dealings with countries like the United States and other countries which are subsidizing, and which have a two-price system in effect.

We are continually pressing them; that they should not be upsetting normal commercial business.

One of the arguments would be removed if the government decided to put into effect a special domestic price for Canada. It would have a bearing on our general trade policy as a nation, but that is not my responsibility, and I welcome the returns to our pools which would be of benefit to our producers.

Personally I have never been able to recommend to the government that it would be advantageous to adopt a two-price system. That is a personal feeling of my own, and I give it to you for what it is worth.

Of course, there are two sides to this problem. You must remember that the quantity of wheat that you are talking about is not a large quantity as compared to our overall turnover.

I would estimate that only 40 million bushels of wheat would be involved in a two-price system out of the 360 million bushels we handle in a year.

I am going outside of my province when I speak of these things, but I do like to answer your questions. However, I think it is government policy.

By Mr. Rapp:

Q. Going back to 1956-57, you mentioned 40 million bushels for domestic consumption. Here you have domestic sales for 69 million bushels?—A. That includes the lower grades used for feeding purposes. I do not think it would be possible to have a two-price system applied for feeding grains, because they have to be sold in competition with oats, barley and other feeding stuffs.

By Mr. Jorgenson:

Q. I do not suppose it is possible to get accurate figures of the amount of grain moved into consumption, particularly in view of the amounts that have been dealt with by appliance dealers and the like? You have no records in that regard?—A. We know the quantity that goes in for human consumption through statistics which are available from the mill grind. We do not know the exact quantity that goes into animal consumption on farms at all. We have no figures covering that.

It has been pointed out to me, that in regard to farm utilization we have an estimated figure.

Mr. TRELEAVEN: In table 4 on page 4 of the appendix at the back there are estimates for farm disappearance in Canada. These figures would include feed and seed.

Those figures are built up on the basis of total supply that has gone into commercial positions, and are estimates of what is left on the farms at the end of the crop year.

Generally these are estimates of our domestic requirements for all purposes, and it is about 160 million bushels per year.

The CHAIRMAN: Gentlemen, we will now move to a consideration of the item headed, "Disposal of grains for local currencies".

By Mr. Horner (Acadia):

Q. Has there been any of this disposal of grain for local currencies done by Canada?—A. No, not in Canada.

Q. That would be a government policy?—A. Yes, it would be government policy. As you know, our friends to the south have been disposing of a lot of wheat for local currency. They are in a better position to use that local currency. As far as the wheat board is concerned, we need cash dollars to pay producers, and we are not interested in yen in Japan.

The position of our government is such that we are not in the position to utilize these local funds in local countries to the extent that the Americans are with their large military establishments and other commitments that they have made to these various nations.

As a matter of fact, they are having some difficulty in utilizing all the local currency that they are accumulating around the world.

You will find that eventually it becomes a gift because you either have to give away the funds or spend them for some particular project in the country itself, and therefore this amounts almost to a gift.

The CHAIRMAN: We will now consider the item headed, "Disposal of grain for famine and disaster relief".

If there are no questions in that regard we will consider the paragraph on the "Disposal of grains under barter agreements".

By Mr. Muir:

Q. Canada has not disposed of grains under barter arrangements?—A. No. We have had proposals put to us from time to time by the international grain trade. Of course, when you barter, you have to have a market for the goods that the other country wants to dispose of in your country and it becomes a form of bilateral trading whereas Canada has a trade policy of multi-lateral trade.

Our experience with barterers show that there is usually a sharp reduction in the price at which we make wheat available, and that brings in its wake the question of discrimination against our regular customers who also want to sell their goods to Canada.

I must say that in regard to any of the barter transactions, which have been referred to us, none of them have proved attractive in so far as merchandising wheat for Canada is concerned.

The CHAIRMAN: Are there any questions in regard to exports?

We will deal with the item on "Exports of wheat and wheat flour". Are there any questions in that regard?

Are there any questions in regard to the item covering "Wheat exports by ports"?

Are there any questions in regard to "Utilization of special account"?

Are there any questions in regard to "Sales promotion" appearing on page 16?

By Mr. Muir:

Q. Do you have sales representatives in all importing countries that are directly responsible to the wheat board?—A. Not as a board. We have an office in London and an office in Rotterdam but they are information offices, which make information available to the trade generally.

Of course, the Department of Trade and Commerce have trade commissioners in all our important markets and they are very valuable to the wheat board in promoting sales of grain.

I could not allow this opportunity to pass without paying tribute to the work that they are doing for us.

In addition to that, as I mentioned before, the international grain trade work as agents of the board and have connections all over the world and they are very, very helpful to us in developing our business.

I think the reputation of Canadian wheat is well known and is constantly kept before all the buyers all over the world by these representatives of the board, but not by board officers directly.

By Mr. Thomas:

Q. Could you say something about the competition between eastern winter wheat and western spring wheat?—A. You mean Ontario wheat?

Q. Yes.—A. Of course, this is soft wheat used for pastry flour. It does not come into direct competition in the export markets with the bulk of our wheat from the west.

Some of our Alberta red winter wheats are comparable, I understand, and can be used, but generally there is no competition really, in exporting, between Ontario wheat and western wheat.

You might decide to ask that question of the Board of Grain Commissioner. They are much more competent than I am to answer it, but my general opinion is that we do not compete in the merchandising of Ontario wheat in the export markets.

Q. From your experience, sir, could you set a comparable value? Of course, if there are two different commodities, this is difficult, but would you say if eastern winter wheat is as valuable on world markets as western spring wheat?—A. No, I would say that in merchandising Ontario wheat you experience more competition with other wheats of other countries in the world. I think in so far as our western wheat, is concerned, and especially our northern wheat, we have a quality that other people find difficult to match.

There is a market for that type of wheat, for blending with other wheat. The quality needed in this regard is not found in wheat such as Ontario wheat.

At the present time I think Ontario wheat is competing directly with some of the American wheats which are quite similar in quality, but there is no fixed ratio that you can set between these wheats. This depends on supply and demand, and the competition that exists.

The CHAIRMAN: Are there any questions in regard to "1956-57 pool account—oats"?

POLICY

9. 1956-57 Pool Account—Oats

By authority of Order in Council P.C. 1956-884, June 7, 1956 Parts III and IV of the Canadian Wheat Board Act were extended to oats for the crop year 1956-57. By the same authority the initial price for oats for 1956-57 was established at 65 cents per bushel basis No. 2 Canada Western Oats in store Fort William/Port Arthur.

STANDING COMMITTEE

BOARD RECEIPTS

The following table shows Board receipts from producers, by months, from August 1, 1956 to July 31, 1957:

	Bushels
August, 1956	1,768,993.7
September	7,671,398.9
October	14,281,146.8
November	5,283,225.8
December	2,738,612.9
January, 1957	2,890,909.6
February	2,341,872.8
March	2,987,099.2
April	2,870,584.6
May	4,441,626.7
June	6,753,817.9
July	15,019,984.7
TOTAL	<u>69,049,273.6</u>

Producers delivered 69.0 million bushels of oats to the 1956-57 Pool as compared with 71.4 million bushels to the previous Pool. Deliveries were on a modest scale throughout the crop year. The largest delivery months were September-October, 1956 and June-July, 1957.

GRADE PATTERN OF BOARD RECEIPTS

The following table shows Board receipts of oats from producers by principal grades, along with the percentage of total receipts of each grade:

Grade (Including Toughs and Damps)	Bushels	% of Total
No. 2 C.W.	179,736.5	.26
No. 3 C.W.	11,535,706.9	16.71
Extra No. 1 Feed	16,721,058.4	24.22
No. 1 Feed	38,010,870.4	55.05
No. 2 Feed	2,025,450.0	2.93
No. 3 Feed	183,361.7	.27
Other grades	393,089.7	.56
TOTAL	<u>69,049,273.6</u>	<u>100.00</u>

The grade pattern of oats deliveries in 1956-57 was very similar to the previous crop year. The principal grade was No. 1 Feed, with receipts of 38.0 million bushels, or 55% of total receipts.

1956-57 Pool Account—Oats

The following table shows the operating position of the 1956-57 Oats Pool from August 1, 1956 to July 31, 1957:

	Bushels	
1. Oats acquired by the Board:		
(a) Producers' deliveries August 1, 1956 to July 31, 1957.....	69,049,273.6	
(b) Oats otherwise acquired ¹	61.5	
(c) Purchased from 1955-56 Pool Account—Oats.....	10,523,170.3	
Total oats acquired.....	79,572,505.4	
	(Value)	(Value)
2. Cost of oats acquired.....		\$49,382,898.53
3. Proceeds of sales and value of unsold stocks of oats as at July 31, 1957:		
(a) (i) Completed sales at realized prices.....	\$22,578,814.36	
(ii) Uncompleted sales at contract prices.....	242,415.33	
Total proceeds from sales.....	22,821,229.69	
(b) Value of unsold stocks of oats stated at cost.....	28,519,262.02	51,340,491.71
4. Gross surplus as at July 31, 1957.....		1,957,593.18
5. Operating costs—August 1, 1956 to July 31, 1957:		
(a) Carrying charges including terminal storage.....	3,826,327.35	
(b) Interest and bank charges.....	91,249.12	
(c) Freight recovered on export oats.....	(441.33)	
(d) Drying charges.....	134.34	
(e) Brokerage and Clearing Association charges.....	7,495.77	
(f) Administrative and general expenses.....	221,028.73	4,145,793.98
6. Debit balance in the 1956-57 Pool Account—Oats, as at July 31, 1957, after valuing stocks of oats on hand at cost prices basis in store Fort William/Port Arthur.....		\$ 2,188,200.80

¹Purchases from non-producers at the Board's initial prices basis in store Fort William/Port Arthur.

GENERAL COMMENT ON THE MARKETING OF OATS—1956-57

On August 1, 1956 commercial supplies of oats in Canada were 47.9 million bushels, and stocks of western oats carried over on farms were well above normal. Growing conditions were favourable for the 1956 oats crop in the prairie provinces, and 1956 production was estimated at 400 million bushels as compared with 290 million bushels harvested in 1955. Oats were in plentiful or adequate supply in all positions throughout the crop year.

Producers' deliveries of oats in 1956-57 amounted to 69.0 million bushels. These deliveries were made by producers under initial and general quotas as established throughout the crop year.

The supply position may be summarized as follows:

	Million bushels
Commercial carryover—July 31, 1956	47.9
Producers' deliveries—August 1, 1956 to July 31, 1957 ..	69.0
Total	116.9

Commercial supplies of oats of 116.9 million bushels were greatly in excess of markets available to the Board in 1956-57. Demand for oats was limited and did not vary significantly from the levels of demand experienced in the

two preceding crop years. The domestic market was the principal outlet for oats during the crop year. Throughout the crop year selling prices declined steadily. Under the circumstances which prevailed, relatively large stocks of oats were carried in elevators during the crop year which added materially to the operating costs of the 1956-57 Pool Account.

The table on the preceding page sets forth the operating position of the 1956-57 Oats Pool from August 1, 1956 to July 31, 1957. The Pool totalled 79.6 million bushels consisting of 69.0 million bushels received from producers, 10.5 million bushels transferred from the 1955-56 Pool Account and a small quantity of oats otherwise acquired.

The 1955-56 Pool was closed on November 16, 1956. This meant that Board sales of oats between August 1, 1956 and November 16, 1956 were largely credited to the 1955-56 Pool and that selling operations in respect to the 1956-57 Pool Account commenced on November 19, 1956. By mid-November oats for fall shipment to the United States and for part of the winter feeding market in Canada had been sold. This restricted the sales of oats which could be made from the 1956-57 Pool Account to the early part of the winter of 1956-57. By July 31, 1957 completed sales of oats credited to the 1956-57 Pool Account were 32.4 million bushels, and uncompleted sales of cash oats were .4 million bushels. The inventory in the 1956-57 Oats Pool as at July 31st was 46.8 million bushels. This inventory was valued at cost.

Operating costs charged to the 1956-57 Pool to July 31, 1957 were \$4,145,-793.98. The principal item in these costs was carrying charges on oats stored in country and terminal elevators. These costs amounted to \$3,826,327.35 and were the equivalent of 5.54 cents per bushel on producers' deliveries to the Pool. These costs reflected the relatively large volume of oats on carrying charges throughout the crop year. Interest and bank charges amounted to \$91,249.12. Drying charges were \$134.34. Brokerage and Clearing Association charges amounted to \$7,495.77, and administrative and general expenses charged to the 1956-57 Oats Pool were \$221,028.73. Freight recoveries on export oats resulted in a credit item of \$441.33.

After crediting the 1956-57 Pool Account with the proceeds of sales to July 31, 1957, valuing the inventory as at July 31, 1957 at cost and allowing for operating costs to July 31, 1957, the 1956-57 Pool Account showed a debit balance of \$2,188,200.80 as at July 31st.

The following table shows Canadian exports of oats during 1956-57 by principal countries of destination, along with comparable statistics for the previous crop year:*

	1956-57	1955-56
	(million bushels)	
United States	17.6	1.9
Belgium .....	.5	.8
United Kingdom .....	.1	.4
Netherlands	—	.3
Others .....	.1	.2
Total	18.3	3.6

Exports of oats in 1956-57 amounted to 18.3 million bushels as compared with 3.6 million bushels in the previous crop year. Exports to the United States were 17.6 million bushels as compared with 1.9 million bushels in the preceding crop year. Exports to other countries were in small volume.

*Source: Board of Grain Commissioners for Canada.

The following table shows the monthly average quotations for No. 1 Feed Oats, along with high and low prices recorded in each month from August 1, 1956 to July 31, 1957. All prices are basis in store Fort William/Port Arthur:

	High	Low	Average
	(cents per bushel)		
August, 1956	80½	76	78¼
September	79¼	76½	77¾
October	79	75¼	77⅝
November	78¾	76½	78⅞
December	76½	71¼	73⅝
January, 1957	74	71¾	73¼
February	71¾	70	70⅞
March	70½	66¼	68⅞
April	67¼	65¼	66⅝
May	67	65	66¼
June	66¼	64¾	65⅝
July	66	65	65½

During the August-November period 1956 Board selling prices for No. 1 Feed Oats basis in store Fort William/Port Arthur were relatively steady and ranged from a high of 80½ cents per bushel to a low of 75¾ cents per bushel. A sharp decline in Board quotations for No. 1 Feed Oats was registered in December, 1956 when prices dropped to a low of 71¼ cents per bushel. Selling prices remained at about this level during January and February, 1957, but a sharp drop occurred again in March. During the final five months of the crop year the Board's quoted prices for No. 1 Feed Oats fluctuated narrowly around the 65 cents per bushel level.

On June 13, 1957 Order in Council P. C. 1957-820 established initial prices for the ensuing crop year. The initial price for oats was reduced from 65 cents per bushel to 60 cents per bushel basis No. 2 Canada Western Oats in store Fort William/Port Arthur effective on August 1, 1957.

To facilitate the distribution of Feed Oats in Eastern Canada the Board again agreed to make Feed Oats available to shippers prior to the close of navigation for storage in eastern positions on a provisional price basis. A total of 3,269,990.6 bushels were moved into eastern positions under this provision. This movement was, of course, in addition to supplies purchased in store at the Lakehead moved into Eastern Canada through trade channels.

By Mr. Muir:

Q. You mentioned that we now had the quantities of barley and oats down to reasonable proportions. At least, that is what I understood your intention was. Do you consider that we can handle those particular grains within a reasonably short time?—A. This particular report that we are dealing with, of course, gives a very pessimistic position with regard to oats and barley, and particularly oats.

The supplementary report, which has been prepared since that time, and which covers the operations of these two pools, shows that the final payment on barley was disappointingly small and, of course, in so far as oats are concerned, resulted in a deficit that will have to be paid to the board by the treasury.

During the last six months the demand for our oats and barley has improved considerably. Our exports have picked up substantially in both oats and barley with the result that the current pools—we are now selling the 1957-58 coarse grain—are in much better shape for this time of the year than the previous year pools.

We still have relatively heavy commercial stocks, but farm stocks have been materially reduced. Estimates of the new crop are such that I do not think the new supplies will be nearly as large as the supplies available last year.

I feel that in so far as both oats and barley are concerned, we may not be out of the woods yet, but we can certainly see the light.

There is a distinct possibility that if the demand which exists at the present time for these grains will continue for another four or five months we can end the next crop year with really no surplus at all of these grains in commercial position and practically no stocks that farmers would like to market left on the farms. The outlook is very favourable for the future.

You would think that this means that we could look forward to a sharp advance in the prices. The United States is now harvesting its second largest wheat crop in history. They have large stocks of corn and sorgums, and other feed grains that we compete with, and the fact that our supplies of feed are easing up will not necessarily be a major factor in increasing world price levels for these feed grains.

I do feel that at current prices there will be a market which will enable us to get over the hump as far as surplus coarse grains are concerned during the next 12 months.

POLICY

10. 1956-57 Pool Account—Barley

In accordance with Order in Council P.C. 1956-884, June 7, 1956 Parts III and IV of the Canadian Wheat Board Act were extended to barley for the crop year 1956-57. The same Order in Council provided for an initial price for barley of 96 cents per bushel basis No. 3 Canada Western Six-Row Barley in store Fort William/Port Arthur. Initial payments for all other grades of barley were established by the Board and approved by Order in Council.

BOARD RECEIPTS

The following table shows receipts of barley from producers, by months, from August 1, 1956 to July 31, 1957:

	Bushels
August, 1956	1,602,044.0
September	7,841,559.5
October	20,779,578.2
November	13,096,878.7
December	11,217,691.8
January, 1957	10,984,690.2
February	7,370,968.5
March	6,122,756.7
April	7,100,464.9
May	8,872,397.8
June	10,482,056.6
July	15,100,178.1
Total	<u>120,571,265.0</u>

Producers delivered 10.6 million bushels of barley to the Board in 1956-57 as compared with 113.9 million bushels in the previous crop year. Deliveries were relatively heavy following the 1956 harvest, reflecting, in part, the large volume of barley which was accepted by shippers and exporters as suitable for malting. Deliveries were steady throughout the winter months, increasing in volume in the final two months of the crop year.

GRADE PATTERN OF BOARD RECEIPTS

The following table shows the principal grades of barley delivered by producers in 1956-57:

Grade (Including Toughs and Damps)	Bushels	% of Total
No. 2 C.W. Six-Row	2,124,875.6	1.76
No. 3 C.W. Six-Row	37,287,904.8	30.92
No. 4 C.W. Six-Row	2,927,610.7	2.43
No. 2 C.W. Two-Row	518,423.9	.43
No. 3 C.W. Two-Row	8,889,544.6	7.37
No. 1 Feed	50,087,319.1	41.54
Extra No. 2 Feed	1,406,309.9	1.17
No. 2 Feed	14,197,433.3	11.78
No. 3 Feed	2,940,018.7	2.44
Other grades	191,824.4	.16
Total	120,571,265.0	100.00

Producers' marketings in 1956-57 were concentrated in four principal grades. These were No. 3 C.W. Six-Row, No. 3 C.W. Two-Row, No. 1 Feed and No. 2 Feed. Deliveries of No. 3 C.W. Six-Row (a malting grade) were somewhat heavier than in the previous crop year and constituted 30.9% of producers' marketings for the crop year. The predominate grade was No. 1 Feed with receipts of 50.1 million bushels, or 41.5% of total sales.

1956-57 POOL ACCOUNT—BARLEY

The following table shows the operating position of the 1956-57 Barley Pool from August 1, 1956 to July 31, 1957:

	Bushels	
1. Barley acquired by the Board:		
(a) Producers deliveries August 1, 1956 to July 31, 1957.....	120,571,265.0	
(b) Barley otherwise acquired ¹	7,379.1	
(c) Purchased from 1955-56 Pool Account—Barley.....	14,693,129.6	
Total barley acquired.....	135,271,773.7	
	(Value)	(Value)
2. Cost of barley acquired.....		\$ 122,143,738.25
3. Proceeds of sales and value of unsold stocks of barley as at July 31, 1957:		
(a) (i) Completed sales at realized prices.....	\$ 89,856,848.14	
(ii) Uncompleted sales at contract prices.....	3,975,530.53	
Total proceeds from sales.....	93,832,378.67	
(b) Value of unsold stocks of barley stated at cost.....	40,961,977.63	134,794,356.30
4. Gross surplus as at July 31, 1957.....		12,650,618.05
5. Operating costs—August, 1 1956 to July 31, 1957:		
(a) Carrying charges including terminal storage.....	3,613,740.60	
(b) Interest and bank charges.....	46,980.59	
(c) Freight recovered on export barley.....	(543,129.75)	
(d) Diversion charges on export barley.....	98,645.98	
(e) Drying charges.....	17,311.55	
(f) Brokerage and Clearing Association charges.....	3,541.91	
(g) Administrative and general expenses.....	432,808.83	3,669,799.71
6. Credit balance in the 1956-57 Pool Account—Barley, as at July 31, 1957, after valuing stocks of barley on hand at cost prices basis in store Fort William/Port Arthur.....		\$ 8,980,718.34

¹Purchases from non-producers at the Board's initial prices basis in store Fort William/Port Arthur.

GENERAL COMMENT ON THE MARKETING OF BARLEY—1956-57

The crop year was an active period in the marketing of barley. The commercial disappearance of barley stocks amounted to about 120 million bushels as compared with about 104 million bushels in the previous crop year. An active export demand was supplemented by an improved domestic demand. The table on the preceding page shows the operating position of the 1956-57 Barley Pool to July 31, 1957.

The 1956-57 Barley Pool consisted of 135,271,773.7 million bushels; of this quantity 120,571,265.0 million bushels were delivered by producers, 14,693,129.6 million bushels were transferred from the 1955-56 Pool, and a relatively small amount of barley was acquired from others than producers. The 1955-56 Pool Account was closed on November 2, 1956; therefore part of Board sales during the crop year were credited to this account.

It should be observed that it has been the practice of the Board to credit sales of barley accepted for malting, or other industrial uses, to the crop account to which such barley was delivered by producers. Therefore, grades of barley delivered by producers in 1956-57 and accepted for malting were credited to the 1956-57 Pool Account even though these sales were made prior to the closing of the 1955-56 Pool Account.

From August 1, 1956 to July 31, 1957 completed sales of barley for the account of the 1956-57 Pool were 84,545,283.5 million bushels. In addition, the Board had uncompleted sales of cash barley on its books as at July 31, 1957 in the amount of 3,867,910.4 million bushels. The inventory in the 1956-57 Pool Account as at July 31, 1957 was 46,847,977.4 million bushels. This inventory was valued at cost.

In respect to the 1956-57 Pool Account to July 31, 1957, operating costs amounted to \$3,669,899.71. These costs consisted principally of carrying charges on barley stored in country and terminal elevators. These charges amounted to \$3,613,740.60. Interest and bank charges were \$46,980.59. Freight recoveries on shipments of barley to Pacific Coast ports for export provided a credit item of \$543,129.75. Diversion charges on barley shipped to the Pacific Coast for export were \$98,645.98. Drying charges and brokerage and Clearance Association charges were \$17,311.55 and \$3,541.91, respectively. Administrative and general expenses to July 31, 1957 were \$432,808.83.

After applying the proceeds of sales to July 31, 1957, valuing the inventory at the same date at cost and allowing for operating costs which have been described, the 1956-57 Barley Account shows a credit balance of \$8,980,718.34 as at July 31, 1957.

Barley prices fluctuated within narrow limits during the first five months of the crop year. Board asking prices for No. 1 Feed Barley ranged from a high of \$1.07½ per bushel in November to a low of 99 cents per bushel in December. Monthly average prices ranged from \$1.05 per bushel in September to \$1.01½ in December. In the period from January, 1957 to July, 1957 prices followed a downward trend, the decline bringing Board asking prices for No. 1 Feed Barley to a level of 93 cents per bushel in the final three months of the crop year.

During the fall of 1956 the Board arranged for stocks of barley to be placed in eastern positions on a provisional sale basis. This action was taken to stimulate the movement of feed barley into Eastern Canada prior to the close of navigation. Stocks moved on this basis amounted to 2,494,831.4 million bushels.

Throughout the crop year there was a sustained movement of barley into consumption in Canada and into exports markets. Overseas shipments were particularly large in the period August, 1956 through January, 1957; were

well maintained during February, March and April, and increased in volume in the final three months of the crop year. Exports of malting grades to the United States were heaviest prior to the close of navigation on the Great Lakes and again following the opening of the 1957 season of navigation.

The following table shows exports of barley for 1956-57, along with comparative figures for the previous crop year:

	1956-57	1955-56
	(million bushels)	
United States	21.6	28.9
United Kingdom	32.4	22.7
Japan	12.2	7.0
Germany	9.2	3.2
Belgium .....	.7	.2
Netherlands .....	.4	.2
Switzerland .....	.2	—
Ireland .....	.1	—
Czechoslovakia	—	1.4
Norway	—	.4
Poland	—	.2
Others .....	.1	.1
TOTAL	76.9	64.3

Exports of barley amounted to 76.9 million bushels as compared with 64.3 million bushels in the previous year. The United Kingdom was the largest purchaser of Canadian barley during the crop year, exports to the United Kingdom amounting to 32.4 million bushels. The United States was the second largest market. Exports to that country amounted to 21.6 million bushels. Japan and Germany were the third and fourth largest markets for barley, taking 12.2 and 9.2 million bushels, respectively. Belgium, The Netherlands, Switzerland and Ireland purchased barley in smaller amounts.

The following table shows monthly average Board quotations for No. 1 Feed Barley, along with high and low prices recorded each month from August 1, 1956 to July 31, 1957 (all prices basis in store Fort William/Port Arthur):

	High	Low	Average
	(cents per bushel)		
August, 1956	106	101½	104⅜
September	106	103½	105
October	105¼	100½	103¼
November	107¼	102¼	104½
December	105	99	101⅞
January, 1957	102	99¼	100⅞
February	99½	95¾	97¾
March	97½	93	94⅜
April	93¾	93	93
May	93	93	93
June	93	93	93
July	93	93	93

11. PAYMENT DIVISION

The following table shows the major payments completed during the crop year 1956-57:

	Date First Cheques Mailed	Date Completed	Number of Cheques Issued	Total value of Cheques Issued
1955-56 Pool Account—Wheat:				
Interim Payment.....	Feb. 18, 1957	Mar. 12, 1957	318,858	\$ 37,339,123.87
Final Payment.....	May 21, 1957	May 31, 1957	318,825	41,953,923.81
1955-56 Pool Account—Oats:				
Final Payment.....	Nov. 30, 1956	Dec. 7, 1956	111,694	8,169,672.90
1955-56 Pool Account—Barley:				
Final Payment.....	Nov. 16, 1956	Nov. 26, 1956	157,063	15,217,219.17
			<u>906,440</u>	<u>\$ 102,679,939.75</u>

The Payment Department also issued 80 cheques (value \$4,182.73) applicable to the 1940, 1941, 1942, 1943 and 1944 Wheat Accounts; and 159 cheques (value \$19,410.71) covering Adjustment Payments and the Final Payment applicable to the 1945-49 Pool Account—Wheat.

12. Legal Department

The Legal Department dealt with all matters of a legal nature affecting the operations of the Board.

The Department continued to assist the Payment Department in connection with payments to the estates of deceased persons.

During the crop year 402 individuals were prosecuted in connection with breaches of the Act and the Regulations as compared with 37 individuals prosecuted during the 1955-56 crop year.

13. Staff and Officers

The following table shows the number of employees of the Board on July 31, 1957 and July 31, 1956:

	July 31 1957	July 31 1956
Winnipeg	646	661
Calgary	34	35
Vancouver	17	18
Montreal	5	5
London, England	3	3
Rotterdam, Netherlands	2	1
Total	<u>707</u>	<u>723</u>

On July 31, 1957 the Board had 707 employees as compared with 723 on July 31, 1956. The decline was mainly in clerical staff in the Head Office of the Board in Winnipeg.

14. Advisory Committee

The Advisory Committee continued to render valuable service to the Board. In 1956-57 three meetings of the Committee were held.

The members of the Advisory Committee are: Mr. J. H. Wesson, Regina, Saskatchewan; Mr. J. E. Brownlee, Q.C., Winnipeg, Manitoba; Mr. C. P. Hansen, Saskatoon, Saskatchewan; Mr. R. C. Marler, Edmonton, Alberta; Dr. W. J. Parker, Winnipeg, Manitoba; and Mr. Ben Plumer, Calgary, Alberta.

The CHAIRMAN: Are there any questions in regard to paragraph 11, "Payment division"?

Are there any questions in regard to paragraph 12, "The legal department"?

Are there any questions in regard to paragraph 13, "Staff and officers"?

Are there any questions in regard to paragraph 14, "Advisory committee"?

By Mr. Jorgenson:

Q. Has there been any change in that regard?—A. Yes. Mr. Plumer, who was president of the Alberta pool has resigned; Mr. Hansen who was president of the Saskatchewan farmers' union has resigned; Mr. Marler, who was previously associated with the Alberta Federation of Agriculture has resigned. The government has replaced these three producer representatives by Mr. Gordon Harrold, the new president of the Alberta wheat pool; Mr. Alf Gleave, the new president of the Saskatchewan farmers' union and Mr. Platt, the new president of the Alberta Farmers union.

The committee at the present time consists of Dr. W. J. Parker, the president of the Manitoba wheat pool; Mr. J. H. Wesson, president of the Saskatchewan wheat pool; Mr. Gordon L. Harrold, president of the Alberta wheat pool; Mr. J. E. Brownlee, president of the united grain growers; Mr. Platt, president of the Alberta Farm Union; and Mr. Alf Gleave, president of the Saskatchewan farmers' union.

The CHAIRMAN: Are there any further comments you wish to make gentlemen?

At this time we will adjourn. I wish to thank you for the progress which we have made during this session this morning.

We will meet again this afternoon at three-thirty o'clock in this room.

The CHAIRMAN: We have a quorum, so we will proceed. The committee was requesting information with regard to the Hutterite colonies. We have none of those in our community so we do not know much about them. Mr. Robertson, is that information available now?

Mr. ROBERTSON: Yes. Mr. Chairman and gentlemen—

"Quota policy—Hutterite colonies".

Early in the 1956-57 crop year representations were made to the Canadian Wheat Board to grant additional delivery privileges to Hutterite colonies, who were, at the time, under the unit quota, restricted to a maximum of 300 bushels of wheat and under a single permit issued to each colony.

It was the feeling of the board in view of the large number of people covered by a single permit in such instances, and the restricted delivery privilege they enjoyed under the initial unit quota, that some special delivery privilege was justified.

Accordingly, the following policy was adopted. For each 100 specified acres shown in the permit book in excess of 1,000 acres, an additional 10 units was granted, and for each 100 additional units so granted, one additional carlot of selected malting barley was authorized.

For example, for each 1,000 specified acres over the first 1,000 acres shown in the permit book, an additional 100 units was authorized on the initial quota, plus one extra carlot of selected malting barley.

This policy was in effect during the 1956-57 crop year only, and was not renewed for the 1957-58 crop year.

Are there any questions?

Mr. GUNDLOCK: Does that mean that you are not going to renew it?

Mr. ROBERTSON: It was for the 1957-58 crop year which is the year that ended on July 31, and as far as the 1958-59 crop year is concerned, the matter has not come up. We have not had representations about it and I cannot say what would be done if there are representations.

Mr. GUNDLOCK: It has reverted then back to the single issue as it was before?

Mr. ROBERTSON: Yes.

Mr. GUNDLOCK: At the moment.

Mr. ROBERTSON: For the past crop year it was back to the single permit.

Mr. GUNDLOCK: Might I ask you to consider the point I brought up this morning in regard to the small communities that are surrounded by that situation.

Mr. ROBERTSON: Well now, could you clarify that because I am at a loss to understand how the Hutterite colonies come in and monopolize the space on the other people.

Mr. GUNDLOCK: In the small community I have in mind, by name New Dayton in southern Alberta, it is surrounded by seven, eight or nine colonies, and by and through their cooperative effort at that delivery point they can very quickly fill the available space, which is rather small, and of course any additional consideration to their permit books makes it that much better.

Mr. ROBERTSON: If this special authorization was not renewed in the current year, that would pretty well minimize your problem.

Mr. GUNDLOCK: In that particular instance, yes. Not only that, but when there is a shortage of box cars when the special permits come for the barley, it is the same thing again and that affects the whole community of southern Alberta. It is peculiar to that area because those colonies were there before any restrictions were placed and they predominate in that particular part of the country.

Mr. ROBERTSON: What we try to do as soon as we can—in raising the quota at Dayton or any other place we would not raise the quota until there was some surplus space over what was required for the current quota, and we had in mind in doing so that it would give people who might not be able to get in at the early part the chance to get in at the tail end before the new quota came in.

Mr. GUNDLOCK: I realize that, but along with the box car situation and everything else it puts a hardship on the community.

Mr. ROBERTSON: Yes. In fact, it is probably one of the worst spots.

Mr. GUNDLOCK: Probably the worst.

Mr. ROBERTSON: Yes, I would think so. However, there are four other points in the immediate area that are concerned nearly as much; but that is the focal point of that hub.

Mr. HORNER (*Acadia*): I have a question relating to the overages on wheat, oats and barley. I notice in your final pool account the overages on wheat are over a million, 1,014,000, and the overages on oats are 5,000 and barley about 13,000. I wonder in view of the overage on wheat in 1956-57 if that was a particularly bad year in which the elevators accumulated quite an overage or is it customary for the overage on wheat to be that high. I am taking this out of the supplementary report.

Mr. McNAMARA: You are in the supplementary report?

Mr. HORNER (*Acadia*): Yes, it is nearly as high as in the other report.

The CHAIRMAN: If this discussion in regard to the Hutterites is concluded, we will go on to the supplementary report. Mr. McNamara has informed me

this financial statement and the annual report of the wheat board is just an interim report, and the final report is in the supplementary and covers all of that. So, if we go on with the supplementary report it will save duplication.

Mr. McNAMARA: In regard to that question of Mr. Horner's, the previous year, the quantity was 993,000; so far as these two years are concerned, it is about constant and the bushels in the pool were about the same also. We will get you that information, but I think it is fairly constant. We can give you the detail on that, the breakdown. The overages amounted to 1,393,000 and the shortages amounted to 393,000. Government inspection samples amounted to 13,455; wrecked cars, 95 bushels and special board permits 1,559. The special board permits to which I referred would be in regard to wheat we acquired from other than producers.

By Mr. Forbes:

Q. Would you explain how you divide the overages; is that pro rated among those in the pool?—A. No, we are not responsible for the operation of elevators. When there is an overage they must sell it to us and we only pay them the initial payment price. We merchandise the overage with all our regular grain and it comes back to the over-all pool and is reflected to the benefit of the producers at large.

By Mr. Horner (Acadia):

Q. The 1956-57 year was a customary overage.—A. Yes, I would think so.

The CHAIRMAN: Gentlemen, we are now starting with the supplementary report, item 1.

Mr. McNAMARA: Would you like us to read it?

Mr. TRELEAVEN: I will commence at paragraph 1

1. Receipts and Disposition—1956-57

Pool Account—Wheat

RECEIPTS

Receipts of wheat in the 1956-57 Pool were 519,515,015.8 bushels.* This total included 361,357,938.3 bushels delivered by producers between August 1, 1956 and July 31, 1957; an additional 1,014,840.2 bushels acquired from other than producers; and 157,142,237.3 bushels of priced open sales contracts and unsold stocks transferred from the 1955-56 Pool as at May 3, 1957.

DISPOSITION OF STOCKS

The disposition of stocks of wheat in the 1956-57 Pool, including completed sales, weight losses in transit and in drying, and stocks transferred from the 1956-57 Pool to the 1957-58 Pool as at May 9, 1958, is shown in the following table:

SALES	Bushels
Domestic Sales	70,527,765.6
Export sales on a Class II basis	237,819,585.4
Export sales under the terms of the	
International Wheat Agreement	75,416,725.2
Weight losses in transit and in drying	11,690.5
Total disposition	383,775,766.7
Transfer to the 1957-58 Pool Account—	
Wheat	135,739,249.1
Total	519,515,015.8

Export and domestic sales (including weight losses) from the 1956-57 Pool amounted to 383,775,766.7 bushels. Domestic sales were 70,527,765.6 bushels. Export sales were 313,236,310.6 bushels. Of these export sales, 75,416,725.2 bushels were sold under the terms of the International Wheat Agreement.

Priced open sales contracts and unsold stocks in the pool as at May 9, 1958 were transferred to the 1957-58 Pool Account. The transfer was authorized by Order in Council P.C. 1958-803, June 5, 1958.

The following table shows the principal grades of wheat transferred to the 1957-58 Pool as at May 9, 1958:

GRADES		Bushels
(Including Toughs and Damps)		
No. 1 Northern	.....	577,586.0
No. 2 Northern	.....	37,362,250.9
No. 3 Northern	.....	36,789,726.0
No. 4 Northern	.....	43,100,550.3
No. 5 Wheat	.....	11,813,436.8
Other grades	.....	6,095,699.1
Total	.....	135,739,249.1

Stocks transferred from the 1956-57 Pool to the 1957-58 Pool were 135,739,249.1 bushels. Of these stocks, 49,142,880.7 bushels were covered by priced open sales contracts and were transferred to the 1957-58 Pool at contract prices. The remaining 86,596,368.4 bushels of unsold stocks (including unpriced open sales contracts) were transferred to the 1957-58 Pool at the Board's quoted prices as at the close of business on May 9, 1958. In pricing unsold stocks of wheat the Board estimated the volume of these stocks which would be sold basis (a) Board quoted prices in store Fort William/Port Arthur and (b) Board quoted prices in store Vancouver. Unsold stocks of wheat for shipment via the Lakehead were priced at \$1.61½ per bushel basis No. 1 Northern Wheat. Unsold stocks for shipment via Vancouver were priced at \$1.73½ per bushel basis No. 1 Northern Wheat. In view of the relatively large volume of priced open contracts included in the transfer, the immediate sales outlook and current market prices, it was not considered necessary to provide for subsequent market risk.

Carrying charges subsequent to the date of transfer were provided from funds allocated to the 1957-58 Pool under the Temporary Wheat Reserves Act.

The CHAIRMAN: Are there any questions?

By Mr. Jorgenson:

Q. I wonder if the board has any information as to the average price of wheat for the crop year and how that compares with the previous crop year.—

A. If you refer to paragraph 5, we give the monthly average.

The CHAIRMAN: We can take that up when we come to that item.

By Mr. Horner (Acadia):

Q. On page 1 of the supplementary estimates for 1956-57 it shows the carry-over at 135 million and on the following page for 1955-56 the carry-over of 157 million bushels. Would it be right to assume that the carry-over from one pool to the next is less going into the 1957-58 pool?—A. That was contained in the previous report. We will give that to you.

*Pool receipts were adjusted upward by 115,560.5 bushels as compared with receipts shown on Page 6 of the Annual Report of The Canadian Wheat Board for 1956-57.

By Mr. Pascoe:

Q. Mr. Chairman, I was not here this morning and perhaps I may be asking some questions which have been brought up. On this page 1, domestic sales were 70 million-odd. Is that all for human consumption?—A. That includes feed grain. The figure for human consumption is about 40 million bushels.

Q. That is about the average over the years?—A. Yes.

By Mr. Horner (Acadia):

Q. That 70 million bushels would include feed grain which went through the wheat board?—A. Yes. It was commercial feed which we handled within the domestic market.

By Mr. Thomas:

Q. Could you make an estimate on the total wheat consumption through the board?—A. You mean within Canada?

Q. Yes.—A. I think, including farm disappearance feed and seed it is about 160 million.

In our 1955-56 supplementary report the 157 million bushels transferred into 1956-57 is made up of: 4,107,893 bushels of No. 1 Northern, 95,850,781 bushels of No. 2 Northern, 42,111,426 bushels of No. 3 Northern, 10,805,932 bushels of No. 4 Northern, the other grades amounted to 4,266,202, or a total of 157,142,237.3 bushels.

The CHAIRMAN: We will go on to item 2. Shall we take it as read?

Agreed.

2. 1956-57 Pool Account—Wheat

The following table shows the operating results of the 1956-57 Pool Account from August 1, 1956 to the closing date of the pool, May 9, 1958:

Bushels

1. Wheat acquired by the Board:

(a) Producers' deliveries, August 1, 1956 to July 31, 1957	361,357,938.3
(b) Purchases from 1955-56 Pool Account—Wheat	157,142,237.3
(c) Wheat otherwise acquired ¹ ...	<u>1,014,840.2</u>
Total wheat acquired	<u>519,515,015.8</u>

2. Cost of wheat acquired \$692,245,287.81

3. Proceeds of sales—August 1, 1956

to May 9, 1958 \$581,109,595.00

Sales value of stocks transferred to 1957-58

Pool Account as at May 9, 1958² 203,962,890.57 785,072,485.57

4. Gross surplus as at May 9, 1958 92,827,197.76

5. Operating costs—August 1, 1956 to May 9, 1958:

(a) Carrying charges on wheat stored in country elevators ..	36,831.441.14
(b) Storage on wheat stored in terminal elevators	12,825,556.77

(c) Net interest paid on Agency wheat stocks	4,812,442.85	
	<u>54,469,440.76</u>	
Less: Carrying charges received under the Temporary Wheat Reserves Act ...	33,137,106.47	
Net carrying charges paid ...	<u>21,332,334.29</u>	
(d) Bank interest and exchange, etc., plus net inter-account interest	3,509,905.28	
(e) Additional freight (net)	558,603.31	
(f) Handling, stop-off and diversion charges	462,286.10	
(g) Drying charges	16,249.01	
(h) Administrative and general expenses	<u>2,023,181.80</u>	<u>27,902,559.79</u>
6. Surplus on operations of the Board on 1956-57 Pool Account—Wheat, for the period August 1, 1956 to May 9, 1958		<u>\$ 64,924,637.97</u>

Mr. TRELEAVEN:

3. Implementing of the Temporary Wheat Reserves Act

In each crop year during the effective period of the legislation, the Government of Canada provides funds for carrying charge purposes to the extent that the quantity of wheat upon which the Board is paying carrying charges on August 1st of each crop year is in excess of 178 million bushels on the basis of the carrying charge rates in effect immediately prior to August 1st of each crop year. On August 1, 1957 the quantity of wheat upon which the Board was paying carrying charges was 407,679,021.4 bushels.¹ This figure exceeded the basic stocks of 178 million bushels by 229,679,021.4 bushels. Therefore, during the crop year 1957-58 the Government of Canada paid carrying charges on the latter amount of wheat. The rate of carrying charges paid was .04241 cent per bushel per day. Funds paid or to be paid to the Board under the Temporary Wheat Reserves Act during the crop year 1957-58 amounted to \$35,553,508.64. The Board recommended and Governor in Council approved (Order in Council P.C. 1958-760, May 30, 1958) the following allocation of these funds between the two operating pool accounts:

1956-57 Pool Account—Wheat.....	\$ 25,256,083.25
1957-58 Pool Account—Wheat	10,297,425.39
Total	<u>\$ 35,553,508.64</u>

The allocation of funds in 1957-58 was made on the same basis as in the previous crop year. Since stocks of wheat in the 1956-57 Pool remained in excess of 229,679,021.4 bushels from August 1, 1957 to January 30, 1958, all funds accrued under the Temporary Wheat Reserves Act were applied to the 1956-57 Pool Account between these dates. From January 31, 1958 to the date of the closing of the 1956-57 Pool Account on May 9, 1958, funds were allocated to the 1956-57 Pool on the basis of its average wheat stocks for this period in relation to the total wheat stocks upon which carrying charges

were paid under the Act. Subsequent to May 9, 1958 and up to July 31, 1958 all funds received under the Act are for the account of the 1957-58 Pool Account.

The 1956-57 Wheat Account received the following allocations under the Temporary Wheat Reserves Act:

Crop year 1956-57.....	\$ 7,881,023.22
Crop year 1957-58.....	25,256,083.25
Total	<u>\$ 33,137,106.47</u>

From August 1, 1955 to July 31, 1958 funds provided under the Temporary Wheat Reserves Act have been allocated to crop accounts as follows:

1954-55 Pool Account—Wheat.....	\$ 23,230,623.04
1955-56 Pool Account—Wheat.....	29,191,306.19
1956-57 Pool Account—Wheat.....	33,137,106.47
1957-58 Pool Account—Wheat.....	10,297,425.39
Total	<u>\$ 95,856,461.09</u>

The CHAIRMAN: Are there any comments or any questions? If not, we will continue on to item four.

4. Surplus for Distribution to Producers

As shown in the operating statement on Page 2, the surplus on the 1956-57 Pool Account—Wheat, as at May 9, 1958 was \$64,924,637.97 before providing for the interim payment authorized by Order in Council P.C. 1958-213, February 7, 1958.

This interim payment involved the distribution of \$39,160,395.34 and was in the amount of 10 cents per bushel on all grades of wheat, except the milling grades of Durum Wheat upon which the interim payment was 25 cents per bushel.

After allowing for the interim payment, the Prairie Farm Assistance Act levy on the interim and final payments, the cost of issuing the final payment, and after adding estimated interest earnings subsequent to May 9, 1958, the final net surplus for distribution to producers was \$25,083,690.12 as shown in the following table:

Surplus on operations of the Board as at May 9,		
1958		\$64,924,637.97
Deduct: Interim payment		<u>39,160,395.34</u>
		25,764,242.63
Deduct: Prairie Farm Assistance Act levy.	\$648,930.15	
Cost of issuing final payment	<u>141,738.03</u>	790,668.18
		<u>24,973,574.45</u>
Add: Estimated additional interest earned from May 9, 1958 to date of distribution		110,115.67
Balance for final distribution to producers		<u>\$25,083,690.12</u>

As shown by the above table the final surplus for distribution to producers was \$25,083,690.12. On producers' deliveries of 361,357,938.3 bushels the average final payment was 6.9415 cents per bushel. The distribution of final payment cheques to producers was authorized by Order in Council P.C. 1958-804, June 5, 1958.

The CHAIRMAN: Are there any questions?

By Mr. Brunsden:

Q. It might be useful if we could have a figure comparable to that of the surplus distribution of the 25 million this year?—A. This is the last distribution we have made. This was since May 9. This closed out the 1956-57 pool. We will not be closing out the 1957-58 pool until probably next May or June.

Q. I would like to go back one year.—A. The previous year?

Mr. TRELEAVEN: For the 1955-56 crop year the surplus on operations of the board as at May 3, 1957, which was the date of closing, was \$80,070,997.26. From this there was an interim payment of \$37,339,123.87. There were further deductions for the Prairie Farm Assistance Act levy of \$800,939.87 and the cost of issuing the final payment of \$159,644.57, which left \$41,771,288.95, to which was added estimated additional interest accruing from May 3, 1957 to date of distribution of \$182,634.86. The balance for final distribution to producers was \$41,953,923.81.

Mr. FORBES: How did the Prairie Farm Assistance Act reduce those overages?

Mr. EARL: The Prairie Farm Assistance Act levy only applies to purchasers from producers.

Mr. FORBES: If you stole some from the farmer he would not have to pay off the Prairie Farm Assistance Act.

By Mr. Gundlock:

Q. Mr. Chairman, this morning we had a figure of five-eighths of a cent, I think it was, for administration costs and then I see, a further cost, or is it an inclusive cost, of issuing final payment?—A. That is a further cost, I believe.

Mr. EARL: That is in addition to administrative costs.

By Mr. Gundlock:

Q. This figure for Prairie Farm Assistance Act levy, that does not represent the total for the year 1957-58?—A. No, that is just what the board deducts when we make out interim and our final payments. On the initial delivery to the country elevator, the country elevator deducts the P.F.A.A. levy and they pay the Board of Grain Commissioners; but in other cases we deduct it and send it on to the Board of Grain Commissioners.

By Mr. Horner (Acadia):

Q. It says the average payment was 6.9 cents per bushel. Is that in the 1956-57 crop year?—A. Yes.

Q. Could it not have averaged out a little higher than that particular average? Would it not have been better to pay 6.9 cents per bushel on wheat from one to five or six?—A. That brings up the point that I think you raised this morning that we keep each grade in a separate pool; in other words, if we are finding that four northern is not moving freely and we have to lower the price as compared with one northern, then the man who is producing and

delivering four northern gets a lower price than the man who produces one northern and which we are able to sell to better advantage. It is a matter of pooling, keeping the price separate the way we do.

The CHAIRMAN: Item 5.

Mr. TRELEAVEN:

5. Comments on the 1956-57 Pool Account—Wheat

Operating costs incurred by the Board in the period August 1, 1956 to May 9, 1958 applicable to the 1956-57 Pool were \$27,902,559.79 after crediting funds paid to the Board by the Government of Canada under the Temporary Wheat Reserves Act. Operating costs consisted of the following:

(a) Carrying Charges—\$21,332,334.29

Total carrying charges incurred by the Board, including storage and interest charges on wheat carried in country elevators and storage charges on wheat held in terminal and mill positions, were \$54,469,440.76. Carrying charges amounted to 15.073 cents per bushel on producers' marketings of 361,357,938.3 bushels. Of the funds received from the Government of Canada under the Temporary Wheat Reserves Act, the sum of \$33,137,106.47 was allocated to the 1956-57 Pool Account, or an average of 9.170 cents per bushel on producers' deliveries to the pool. After applying these funds the actual carrying charges paid by the Board for producers' account amounted to 5.903 cents per bushel.

(b) Net Interest, Exchange and Bank Charges—\$3,509,905.28

This item comprises bank interest, exchange and bank charges plus net interest on other Board accounts.

(c) Additional Freight (Net)—\$558,603.31

This item consists chiefly of additional freight paid on wheat shipped from Saskatchewan stations to the Pacific Coast against Fort William/Port Arthur freight differential and on low grade wheat shipped from Alberta stations to the Lakehead. The item also includes freight credits on wheat shipped to Churchill.

(d) Handling, Stop-off and Diversion Charges—\$462,286.10

These charges were incurred in shipping wheat to interior terminals for storage and in diverting wheat for shipment to Churchill and Prince Rupert.

(e) Drying Charges—\$16,249.01

This covers the cost of drying of Board grain.

(f) Administrative and General Expenses—\$2,023,181.80

Administrative and general expenses of the Board applicable to the 1956-57 Pool Account amounted to .5599 cent per bushel on handlings of 361,357,938.3 bushels.

By Mr. Pascoe:

In regard to additional freight, the item also includes freight on grades of wheat shipped through Churchill. How do you work out the price?—A. Under the Crownsnest Pass tariffs that are in effect there are rates set up for Churchill the same as there are for Fort William and Vancouver, and there are certain stations, mainly in northern Saskatchewan, on the Canadian National Railways where there is a saving in freight haul for shipments to Churchill as compared with shipments to Fort William. So to the extent that

we can move Churchill stocks from these preferential areas the pool benefits by freight savings that we obtain on wheat, because we bought the wheat at the Fort William rate.

By Mr. Rapp:

Q. Does that apply from northern Alberta?—A. There are a few stations in Alberta. I think the most favourable differential is four to five cents a hundred pounds and some are one cent a hundred pounds from northern Alberta. One of the things to keep in mind, is that a good year for Churchill such as the current year, 17 million will be shipped, we will pick up some freight saving; but we cannot get the advantage out of the four and five cents areas, we will have to go back to the one cent differential to get the saving and that will be secured to the over-all pool.

While I am on my feet I might deal with the other item, the shipments from Saskatchewan. This year, as you will notice from the prices shown on page 5, wheat at Vancouver has been at a premium over the price of wheat at Fort William and the board has realized from ten cents to 12 cents a bushel on the grades we have shipped from Vancouver. To supplement the Alberta stocks and to endeavour to maximize the movement out of Vancouver, and also keeping in mind the necessity of trying to equalize quotas we have moved western Saskatchewan stocks against the freight differential which is a debit; but the extra price we realize on the transaction more than offsets the freight differential that we incur.

The CHAIRMAN: Any other questions? Item 6?—and the proceedings being interrupted by the division bells—

The CHAIRMAN: Gentlemen, things are going every which way in the house today apparently, and there is a vote coming up which will take some time and before the vote is over it will be near 6:00 o'clock and I suggest we adjourn until tomorrow morning at 9.30. Thank you very much—The committee adjourned.

(HOUSE OF COMMONS

First Session—Twenty-fourth Parliament

1958)

STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: HAYDEN STANTON, ESQ.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 4

INCLUDING FOURTH REPORT TO THE HOUSE

Respecting:

Report of the Canadian Wheat Board for Crop Year 1956-57 and
Report of the Board of Grain Commissioners for Canada, 1957.

TUESDAY, AUGUST 5, 1958

WITNESSES:

Hon. Gordon Churchill, Minister of Trade and Commerce; *From the Canadian Wheat Board*: Messrs. W. C. McNamara, Chief Commissioner; D. H. Treleaven, Secretary and C. E. G. Earl, Comptroller; *From the Board of Grain Commissioners*: Messrs. R. W. Milner, Chief Commissioner; W. J. MacLeod, Secretary; M. J. Conacher, Chief Grain Inspector; Dr. J. A. Anderson, Chief Chemist; and E. E. Baxter, Chief Statistician.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1958

STANDING COMMITTEE
ON
AGRICULTURE AND COLONIZATION

Chairman: Hayden Stanton, Esq.,

Vice-Chairman: W. H. Jorgenson, Esq.,
and Messrs.

Argue,	Gundlock,	Peters,
Barrington,	Henderson,	Phillips,
Boivin,	Hicks,	Pugh,
Boulanger,	Horner (<i>Acadia</i>),	Racine,
Brunsdon,	Howe,	Rapp,
Cadieu,	Kindt,	² Ricard,
Campbell	¹ Knowles,	Richard (<i>Kamouraska</i>),
(<i>Lambton-Kent</i>),	Latour,	Richard (<i>St. Maurice-</i>
Doucett,	Leduc,	<i>Laflèche</i>),
Dubois,	Létourneau,	Robinson,
Dupuis,	McBain,	Rompré,
Fane,	McMillan,	Rowe,
Fleming (<i>Okanagan-</i>	Michaud,	Southam,
<i>Revelstoke</i>),	Milligan,	Speakman,
Forbes,	Montgomery,	Thomas,
Forgie,	Morissette,	Thompson,
Godin,	Muir (<i>Lisgar</i>),	Tucker,
Gour,	Nasserden,	Villeneuve,
Grills,	Noble,	Winkler,
Hales,	Pascoe,	Yacula—60.
Hardie,		

M. Slack,
Clerk of the Committee.

¹Replaced by Mr. Cooper, Tuesday, August 5.

²Replaced by Mr. McIntosh, Tuesday, August 5.

ORDER OF REFERENCE
HOUSE OF COMMONS,

TUESDAY, August 5, 1958.

Ordered,—That the name of Mr. Cooper be substituted for that of Mr. Knowles; and

That the name of Mr. McIntosh be substituted for that of Mr. Ricard on the Standing Committee on Agriculture and Colonization.

Attest.

LEON J. RAYMOND,
Clerk of the House.

REPORT TO THE HOUSE

FRIDAY, August 8, 1958.

The Standing Committee on Agriculture and Colonization has the honour to present the following as its

FOURTH REPORT

On July 19, 1958, the House of Commons referred to this Committee the Report of the Canadian Wheat Board for the Crop Year 1956-57. The Annual Report of the Board of Grain Commissioners of Canada for the year 1957 was also referred to this Committee at the same time.

Your Committee carefully examined and approved the operations of the Canadian Wheat Board and the Board of Grain Commissioners for Canada.

Your Committee also studied the Supplementary Report of the Canadian Wheat Board for the 1956-57 Pool Accounts.

Your Committee recommends:

1. That consideration be given to the provision of more satisfactory public storage for grain which should be encouraged and assisted by the government;
2. That consideration be given to classifying rape-seed and soya beans as grain for the purpose of freight rates;
3. That consideration be given to amending the Canada Grain Act by inserting a provision to compensate producers for cracked rape-seed taken as dockage in the marketing of rape-seed.
4. That the government give consideration to the advisability of Seaway grain tolls being set at minimum levels.

A copy of the Committee's Minutes of Proceedings and Evidence is appended.

Respectfully submitted,

HAYDEN STANTON,
Chairman.

MINUTES OF PROCEEDINGS

TUESDAY, August 5, 1958.
(6)

The Standing Committee on Agriculture and Colonization met at 9.35 a.m. this day. The Chairman, Mr. Hayden Stanton, presided.

Members present: Messrs. Argue, Boivin, Cadieu, Campbell (*Lambton-Kent*), Doucett, Dubois, Fane, Fleming (*Okanagan-Revelstoke*), Forbes, Gundlock, Hicks, Horner (*Acadia*), Jorgenson, Kindt, Latour, Milligan, Morissette, Muir (*Lisgar*), Nasserden, Noble, Pascoe, Rapp, Ricard, Rowe, Southam, Speakman, Stanton, Thomas, Tucker, and Winkler—30.

In attendance: Honourable Gordon Churchill, Minister of Trade and Commerce; *From the Canadian Wheat Board:* Messrs. W. C. McNamara, Chief Commissioner; W. E. Robertson, Commissioner; C. E. G. Earl, Comptroller; and D. H. Treleaven, Secretary.

From the Board of Grain Commissioners: Messrs. R. W. Milner, Chief Commissioner; S. Loptson, Commissioner; G. McConnell, Commissioner; W. J. MacLeod, Secretary; Dr. J. A. Anderson, Chief Chemist; M. J. Conacher, Chief Grain Inspector, and E. E. Baxter, Chief Statistician.

The Committee resumed consideration of the Supplementary Report of the Canadian Wheat Board on the 1956-57 Pool Account—Wheat, Oats and Barley.

The following Sections of the Supplementary Report were approved:

6. Realized Prices
7. Board Quoted Prices—1956-57 Pool
8. Exports
9. General Comments
10. Statement of operations including Auditors' Report

The Committee then reverted to consideration of the Report of the Canadian Wheat Board for Crop Year 1956-57.

Part II of the Report—Financial Statement, (including Exhibits I to VII) was approved.

Part III—Auditors' Report was approved.

The Addenda to the Annual Report, containing statistical tables I to XXIII, was approved.

The Chairman extended a vote of thanks to Mr. McNamara and his officials for their co-operation and assistance to the Committee.

The officials of the Canadian Wheat Board were permitted to retire.

The Committee proceeded to the consideration of the 1957 Report of the Board of Grain Commissioners for Canada. Mr. Milner, having been introduced to the members of the Committee, was questioned and supplied additional information thereon, assisted by other officials of the Board.

The following Sections of the Report were approved:

1. Grain Supplies and Disposition—Crop Year 1956-57
2. Marketings
3. Country Elevator Shipments
4. Terminal Handlings
5. Exports
6. Domestic Usage
7. Carryover
8. Licensing and Bonding
9. Assistant Commissioners
10. Prosecutions
11. Shortages and Overages, Country Elevators
12. Regulations and Orders
13. Committees on Grain Standards
14. Inspection of Grain
15. Research
16. Weighing of Grain
17. Weighover of Stocks, Terminal and Eastern Elevators
18. Terminal and Eastern Complaints

At 12.30 p.m. the Committee adjourned until 3.30 p.m. this day.

AFTERNOON SITTING

(7)

The Standing Committee on Agriculture and Colonization resumed at 3.35 p.m., the Chairman, Mr. Stanton, presiding.

Members present: Messrs. Argue, Barrington, Boivin, Cadieu, Dubois, Fane, Forbes, Forgie, Gundlock, Hicks, Horner (*Acadia*), Jorgenson, Kindt, MacIntosh, Morissette, Muir (*Lisgar*), Nasserden, Pascoe, Peters, Rapp, Southam, Speakman, Stanton, and Thomas.—(24)

In attendance: From the Board of Grain Commissioners: Messrs. R. W. Milner, Chief Commissioner; S. Loptson, Commissioner; G. McConnell, Commissioner; W. J. MacLeod, Secretary; J. A. Anderson, Chief Chemist; M. J. Conacher, Chief Grain Inspector and E. E. Baxter, Chief Statistician.

The Committee resumed consideration of the Report of the Board of Grain Commissioners for Canada for the year 1957.

The following sections of the Report were approved:

19. Complaints on Export Shipments
20. Statistics
21. Information Program
22. Canadian Government Elevators
23. Lake Freight Rates
24. Prairie Farm Assistance Act
25. Organization and Personnel
26. Expenditure and Revenue
27. Appendices "A" to "K" inclusive and related Tables were approved.

The Chairman thanked the Committee for their co-operation, and extended to Mr. Milner and his colleagues the appreciation of the Committee for their assistance.

At 5.05 p.m., the Committee adjourned until 9.30 a.m. Wednesday, August 6, to consider *in camera* the Committee's "Report to the House".

WEDNESDAY, August 6, 1958.

(8)

The Standing Committee on Agriculture and Colonization met *in camera* at 9.40 a.m. this day. The Chairman, Mr. Hayden Stanton, presided.

Members present: Messrs. Argue, Boivin, Cadieu, Campbell (*Lambton-Kent*), Doucett, Dubois, Fane, Forbes, Forgie, Gour, Hicks, Horner (*Acadia*), Howe, Jorgenson, Kindt, Latour, Milligan, McIntosh, Muir (*Lisgar*), Nasserden, Noble, Pascoe, Peters, Phillips, Pugh, Rapp, Southam, Speakman, Stanton, Thomas, Thompson, Tucker, Villeneuve, and Winkler.—(34)

The Committee proceeded to the preparation of a "Report to the House" respecting the Reports of the Canadian Wheat Board and the Board of Grain Commissioners for Canada.

Various suggestions and recommendations were proposed by members of the Committee.

Agreed,—That the recommendations be referred to the Steering Committee for further study.

At 10.30 a.m. the Committee adjourned until 9.30 a.m. Thursday, August 7.

THURSDAY, August 7, 1958.

(9)

The Standing Committee on Agriculture and Colonization met *in camera* at 9.40 a.m. this day. The Chairman, Mr. Hayden Stanton, presided.

Members present: Messrs. Argue, Barrington, Brunsdén, Cadieu, Campbell (*Lambton-Kent*), Doucett, Dubois, Fane, Fleming (*Okanagan-Revelstoke*), Forgie, Gour, Gundlock, Hicks, Horner (*Acadia*), Howe, Jorgenson, Latour, Létourneau, McIntosh, Montgomery, Morissette, Muir (*Lisgar*), Nasserden, Pascoe, Pugh, Rapp, Southam, Speakman, Stanton, Thomas, Tucker, Villeneuve, and Winkler.—(33)

The Chairman, on behalf of the Steering Committee, presented a draft "Report to the House."

The Committee proceeded to the consideration of the draft "Report to the House" which was amended and adopted as amended; and the Chairman was ordered to present it as the Committee's "Fourth Report to the House."

At 10.30 a.m. the Committee adjourned to the call of the Chair.

M. SLACK,

Clerk of the Committee.

TUESDAY, August 5, 1958.
9:30 a.m.

EVIDENCE

The CHAIRMAN: We were at paragraph six of the supplementary report of the Canadian Wheat Board.

D. H. TRELEAVEN (*Secretary, Canadian Wheat Board*):

6. Realized Prices

The following table shows initial payments, interim payments, final payments and total prices realized by producers for the principal grades of wheat delivered to the 1956-57 Pool Account basis in store Fort William/Port Arthur or Vancouver, after deduction of net operating costs, including carrying charges, interest and administrative expenses:

Initial Payment	Interim* Payment	Final* Payment	Realized* Price
(dollars per bushel)			
1.40	.10	.08838	1.58838
1.36	.10	.08892	1.54892
1.32	.10	.05978	1.47978
1.25	.10	.02880	1.37880
1.08	.10	.07521	1.25521
1.02	.10	.05871	1.17871
Initial Payment	Interim* Payment	Final* Payment	Realized* Price
(dollars per bushel)			
1.50	.25	.19804	1.94804
1.47	.25	.22054	1.94054
1.40	.25	.24204	1.89204
1.34	.25	.27365	1.86365
1.31	.25	.18895	1.74895
1.13	.10	.02869	1.25869
1.07	.10	.01153	1.18153

* Prices and payments prior to deduction for Prairie Farm Assistance Act levy.

The CHAIRMAN: Are there any comments or remarks?

By Mr. Jorgenson:

Q. I wonder, Mr. Chairman, if Mr. McNamara would answer the question I asked yesterday with regard to average prices?

Mr. W. C. McNamara (*Chief Commissioner, Canadian Wheat Board*), called:

A. Mr. Chairman, Mr. Jorgenson was kind enough last night to give notice of this question and as I understand it he would like us to give him the average price per bushel, regardless of the grade which the producer received for the 1956-57 pool account. The average works out to \$1.41.44 per bushel basis in store Fort William/Port Arthur.

To get it back to an average station in the west using a freight rate of 22 cents per hundredweight, and including the elevator handling charge of 4.5 cents per bushel, this would work out to an average return to the western farmer, regardless of grade, of \$1.23.7 cents per bushel.

Q. And this is compared to what price of last year, Mr. McNamara?

A. The average for the previous year, basis in store Fort William, worked out to \$1.55.09 cents per bushel. I should point out that in this last pool account there was a much larger percentage of low grade wheat than in the previous year. So actually the average return regardless of grade is substantially lower.

By Mr. Horner (Acadia):

Q. Along that same line the price for No. 1 wheat was lower—and it goes pretty well right down the grades—was lower in 1956-57 than it was in 1955-56. Would the reason for that be that it had to be lower in order to sell it?—A. No, the reason is there was some reduction due to the competition in the international market; but the major reduction is accounted for by the premium on the Canadian dollar for this period. As the Canadian dollar rose over the American dollar we had to keep adjusting our prices to keep them in line with the American prices. The major factor was that during this period the dollar was at a substantial premium.

Q. That would account for three cents a bushel?—A. I speak from memory but I should say at the present time our prices are down five cents or six cents a bushel as compared with a situation where the Canadian dollar was at par with the United States dollar.

By Mr. Argue:

Q. I think the producer generally was quite disappointed with the final payment in the crop year under review. I know sufficient about the wheat board's operations that I have no criticism to make of the wheat board's operations, and would not suggest that the wheat board itself was responsible for this happening. I think the great interest now is to do something to get the prices up because if these prices keep on going down, with costs of production still going up, it will not be very long until the grain industry faces complete bankruptcy.

I am wondering if the board has given any thought or has any statistics on how an increase in the domestic price for wheat consumed in Canada for human consumption—how an increase in the price for that quantity of wheat would affect the price to the producer. I want to make my question more specific: if the wheat board or the government, whoever it is who makes this kind of policy—I take it it is the government—decides to adopt the two-price system, if wheat made into flour was increased by \$1 a bushel, how would it affect the final price for the average year?—A. If the domestic price were increased by \$1 a bushel? There are about 40 million bushels of wheat used for human consumption that would be affected by such an increase. That would return to us an extra \$40 million. On a handling of 362 million it would work out to about 11 cents per bushel in the overall return.

Q. Has the board done any work as to how such an increase would affect the cost of bread?—A. No, we have not. We have considered this matter as it has been referred to us by the government, but we have not endeavoured to analyze the effect such an increase would have on the price of bread.

Q. Did you inquire as to how it would affect the cost of flour, not necessarily the price; they are often two different things.—A. No, we have never made an analysis of that kind. Of course, it would increase the price of wheat to the miller by \$1 a bushel; but in the consultations we have had with the government regarding this matter there was no suggested increased price of a set

amount. They asked us to indicate to them what a series of increases in price would mean in so far as the producer is concerned, but we have not information in regard to what it would mean to the increased price of bread.

Q. The Saskatchewan wheat pool, I think, has done something in this field. I have seen reports by them and by the Canadian Federation of Agriculture to the effect that it would take a 60 cent per bushel increase in the price to affect the cost of production of a loaf of bread by one cent. I wonder if Mr. McNamara could give any indication if those figures would be out of line? —A. No, I am not in a position or competent to comment on it. I too have seen those statements made by the pool organization. They, of course, operate a mill, so they should have some basis for the statistics they are making available; but I do not think I, or any of my colleagues, are competent to comment on your question.

Q. I have seen various observations to the effect that any person in Canada, or any group of people who work in any given industry, should be entitled to a fair return for their labour, and while I cannot speak as an authority I feel that the Canadian Labour Congress would support a domestic parity price for flour going into consumption in Canada. I have not discussed it but I have heard them from different places in the parliament buildings advocate higher returns to the producers of western Canada. I would hope that the minister might want to consider the possibility of a domestic parity price.

Hon. Mr. CHURCHILL (*Minister of Trade and Commerce*): How do you define domestic parity price?

Mr. ARGUE: Well, the wheat pool organizations have said there should be this two-price system, or the farmers' unions have said there should be a two-price system which would provide a domestic parity price for wheat going into the production of flour to be used in this country. Now, the minister says "How do you define it?". There have been statistics worked out as to what a parity price is. The farmers' unions or the Federation of Agriculture or the wheat pool organizations may not agree on all statistics, but I think that they all have statistics amongst themselves on which they are agreed. Those figures, from all I have seen, have ranged from \$2.25 to \$2.50 a bushel.

The CHAIRMAN: Any further questions on this paragraph, if not we will proceed to paragraph 7.

Mr. TRELEAVEN:

7. Board Quoted Prices—1956-57 Pool

The 1955-56 Pool Account was closed on May 3, 1957 and the 1956-57 Pool Account was closed on May 9, 1958; therefore the selling operations relative to the 1956-57 Pool Account occurred between the foregoing dates. During this selling period Board asking prices for wheat (except Durums) were the same for domestic use, for registration under the International Wheat Agreement and for sales on a Class II basis.

The Board continued to quote separate selling prices for wheat basis in store Fort William/Port Arthur, basis in store Pacific Coast ports and basis in store Churchill. The following table shows monthly average Board asking prices for No. 1 Northern Wheat basis in store the aforementioned positions for the selling period of the 1956-57 Pool:

Monthly Average Asking Prices No. 1 Northern			
	Ft. Wm./Pt. Ar.	Vancouver	Churchill
	(dollars per bushel)		
May 4-31, 1957	1.63 $\frac{3}{4}$	1.68	1.74 $\frac{3}{4}$
June	1.62 $\frac{5}{8}$	1.67 $\frac{5}{8}$	1.73 $\frac{5}{8}$
July	1.62 $\frac{1}{8}$	1.67 $\frac{1}{8}$	1.73 $\frac{1}{8}$
August	1.61 $\frac{1}{2}$	1.66 $\frac{5}{8}$	1.72 $\frac{1}{2}$
September	1.61 $\frac{7}{8}$	1.70 $\frac{5}{8}$	1.72 $\frac{7}{8}$
October	1.61 $\frac{1}{8}$	1.72	1.72 $\frac{1}{8}$
November	1.60 $\frac{1}{2}$	1.72	1.71 $\frac{1}{2}$
December	1.63 $\frac{3}{8}$	1.75 $\frac{3}{8}$	1.74 $\frac{3}{8}$
January, 1958	1.65	1.77	1.76
February	1.64 $\frac{1}{8}$	1.76 $\frac{1}{8}$	1.75 $\frac{1}{8}$
March	1.63 $\frac{3}{8}$	1.75 $\frac{3}{8}$	1.74 $\frac{3}{8}$
April	1.62 $\frac{1}{8}$	1.74 $\frac{1}{8}$	1.73 $\frac{1}{8}$
May 1-9	1.61 $\frac{5}{8}$	1.73 $\frac{5}{8}$	1.72 $\frac{5}{8}$

Some comment should be directed toward Board pricing during the selling period of the 1956-57 Wheat Account. Distinction must be made between Board pricing for wheat basis in store Fort William/Port Arthur and in store Vancouver. Throughout the period Board quotations for No. 1 Northern Wheat basis in store Fort William/Port Arthur fluctuated within relatively narrow limits and ranged considerably lower than Board quotations for wheat in store Vancouver. The pricing of wheat basis in store Fort William/Port Arthur took into account forwarding costs involved in making Lakehead wheat available at competitive prices in overseas markets. This involved pricing at a lower level than for other available shipping routes.

In the main, variations in Board asking prices for wheat in store the Lakehead followed changes in the exchange value of the Canadian dollar. Price changes reflected the strength of the Canadian dollar in the months May through September and the decline in the exchange value of the dollar which occurred late in 1957 and early in 1958, followed by strengthening of the dollar in the final 90 days of the selling period. At times other minor price adjustments were made for competitive reasons.

A different situation prevailed in respect to Board pricing of wheat in store Vancouver. Through the period there was a broad demand for wheat for shipment via the western route based upon demand for wheat in Asia and favourable forwarding costs to world markets, including the United Kingdom and Western Europe. This demand added buoyancy to selling prices for wheat in store Vancouver. At the start of the selling period of the 1956-57 Pool, Board quotations for No. 1 Northern Wheat were 5 cents per bushel higher basis in store Vancouver than in store the Lakehead. Vancouver quotations for No. 1 Northern Wheat strengthened rather sharply in the period September through February, reaching a level of 12 cents per bushel higher than Board quotations for the same grade of wheat in store Fort William/Port Arthur. Vancouver quotations continued on this basis until the closing of the pool on May 9, 1958, although some decline in the level of asking prices occurred as a result of exchange fluctuations. The level of Vancouver prices for No. 1 Northern was reflected in Board asking prices for other grades. In summary, Board quotations for No. 1 Northern Wheat in store Vancouver reflected not only variations in the value of the Canadian dollar on exchange markets but also the strong and continuous demand for wheat for shipment through Pacific Coast ports.

During the active selling period for wheat for shipment via Churchill in the 1958 season; i.e., January through May, Board quotations for wheat in store Churchill were 11 cents per bushel higher than Lakehead asking prices.

In addition to the changes made in Board quotations for No. 1 Northern, discounts applicable to No. 3 Northern, No. 4 Northern and No. 5 Wheat were varied throughout the selling period of the 1956-57 Pool Account. On May 4, 1957, No. 3 Northern was quoted at 8 cents per bushel under No. 1 Northern basis in store the Lakehead. This discount was increased to 10 cents per bushel, later to 11 cents per bushel and finally to 12 cents per bushel. The discount on No. 4 Northern in store the Lakehead was 16 cents per bushel on May 4, 1957. This discount was increased to 25 cents per bushel and narrowed to 20 cents per bushel early in 1957, reflecting increased sales of this grade. No. 4 Northern was one of the principal grades delivered to the 1956-57 Pool (81.7 million bushels) and the necessary widening of the selling spread on this grade was reflected in a lower final payment to producers. On May 4, 1957, No. 5 Wheat in store the Lakehead was quoted at 28 cents per bushel under No. 1 Northern. By the end of July this discount had increased to 38 cents per bushel and was gradually narrowed to 34 cents per bushel at the time of the closing of the 1956-57 Pool Account. Grade discounts on No. 3 Northern, No. 4 Northern and No. 5 Wheat applicable to Vancouver were slightly less than the discounts prevailing for the same grades in store the Lakehead.

In the early part of the selling period of the 1956-57 Pool the Board sold milling grades of Durum Wheat on a Class II basis as well as under the terms of the International Wheat Agreement. Board quotations for milling grades of Durum Wheat under the International Wheat Agreement were based on the maximum price under the Agreement.

On May 4, 1957 the Board's quoted price for No. 1 C. W. Amber Durum on a Class II basis was \$2.37½. Class II prices remained at about this level until the end of the crop year. Under the influence of strong international competition and prospects for a large Durum yield in 1957, the Board reduced its Class II selling prices sharply to an average of \$2.08½ per bushel in August, 1957, and \$2.02 per bushel in September, 1957. By October 25, 1957 the Board's quoted Class II price for No. 1 C. W. Amber Durum had declined to the I.W.A. level and so remained until the closing of the 1956-57 Pool Account. Producers delivered 20.0 million bushels of milling grades of Durum to the 1956-57 Pool Account. Over half of these deliveries consisted of No. 4 C. W. Amber Durum and the remaining deliveries were largely No. 3 C. W. Amber Durum and Extra No. 4 C. W. Amber Durum. In general, deliveries of Durum Wheat in 1956-57 were of lower grade and quality as compared with the Durum deliveries in the previous crop year. As a result, Board selling spreads for No. 3 C. W. Amber Durum, Extra No. 4 C. W. Amber Durum and No. 4 Amber Durum were widened considerably commencing in August, 1957.

It was necessary for the Board to reduce its quoted prices for No. 5 and No. 6 C. W. Amber Durum to the level of asking prices for No. 5 and No. 6 Red Spring Wheat. Only limited quantities of low grade Durums were delivered to the 1956-57 Pool.

By Mr. Muir (Lisgar):

Q. Mr. Chairman, what percentage of the various grades were taken by the Asiatic countries? Did you have those figures?—A. I can get the details of that but I think in general, Mr. Muir, I can give you the information you want. In so far as Japan is concerned they are mainly interested in two and three northern; they are a quality market and prefer our two and three northern wheat to the lower grades.

Recently, however, a demand for feed has developed in Japan and we are now selling them limited quantities of five and six wheat that they are using for feeding purposes. But normally Japan is a high quality market.

In so far as our shipments to other Asian countries are concerned, mainly to India and Pakistan, most of those shipments, as you know, were under the provisions of the Colombo Plan. Canada was making this wheat available to them on very favourable terms, and in our negotiations with them we were able to persuade them that it would be in their interests, and certainly in our interests, if they would accept mainly four northern wheat, a grade that has been in very heavy supply. The arrangements which have been made to provide wheat to these countries have been very helpful to them and have been of material assistance to the board in moving into position for export for northern wheat that had been moving very, very slowly.

By Mr. Argue:

Q. Mr. Chairman, with respect to the part of this section dealing with the difference in price between Vancouver and Fort William-Port Arthur, I am sure that the producers are anxious that the price at Fort William-Port Arthur should be increased if at all possible. You say you are narrowing the spread. I am sure they would far rather narrow it by increasing the Fort William-Port Arthur price than by decreasing the Vancouver price. I wonder whether the new seaway operating fully would make it possible for the board to increase these Fort William-Port Arthur prices? It would seem to me that if there is a substantial saving by using the seaway it would be in the interests of Canadians if as much of this advantage as possible could be passed on to Canadians, and in this instance passed on to the wheat producers. I am wondering if the board feels they will be able to increase the Fort William-Port Arthur price as compared with Vancouver when the seaway is fully in operation?—A. Well, Mr. Chairman, and Mr. Argue, we certainly hope that that will be the position and we, like you, are hoping that the benefits of the seaway will be Canadian benefits and we will be able to pass the benefits, in so far as grain is concerned, back to our producers. Of course, whether we can increase the price will depend on the level of the market for international trade in wheat, as our price must be competitive in the country of destination. Whether it will mean that we will have to lower Vancouver or increase Fort William I do not know, but the point is we must make the wheat out of these two outlets comparable at destination.

Now, I do not intend to dwell too much on this point but I think the committee would be interested in the unusual situation that is prevailing in so far as ocean freight rates are concerned. It has always been more or less normal for the Vancouver price to fluctuate in the matter of freight rates over and above the Fort William price, depending on the season of the year. The situation that has now prevailed for about 18 months is most unusual. I have never, in my experience, seen it continue for such a period. I just want to give the committee one or two figures. These are based on our comparative costs at July 25.

Mr. CHURCHILL: You are speaking of ocean rates when you speak of freight rates?

The WITNESS: Yes.

Taking 2 Northern wheat out of the St. Lawrence ports, basis July 25, to C.I.F.U.K. ports, our in store price at Fort William on that date was \$1.59½ per bushel. It costs us to move that wheat to the St. Lawrence, at an average of the lake and rail, and all water movement, 22½ cents a bushel. So that our price f.o.b. Montreal works out, for 2 Northern, to \$1.81½ per bushel.

Taking all the other charges into consideration, including ocean freight which was 14.4 cents a bushel out of Montreal, the price of our 2 Northern coming out of Fort William on that date was \$1.9735 per bushel basis C.I.F. United Kingdom. On the same day for 2 Northern at Vancouver our asking price was 11 cents per bushel higher than at Fort William, or \$1.70 $\frac{1}{4}$ per bushel. In the U.K. that wheat could be landed for \$1.93313 per bushel, or approximately 4 cents per bushel cheaper than the wheat out of the St. Lawrence notwithstanding the fact that we had an 11 cents premium on Vancouver. That spread is not quite so acute as far as other European ports such as Antwerp and Rotterdam are concerned. It works out about 1 cent in favour of Vancouver as compared to the St. Lawrence. It costs us an average of 22 $\frac{1}{4}$ cents per bushel to move wheat at present to Montreal and the ocean freight rate from Montreal is 14.4 cents, but from Vancouver—and wheat at Vancouver costs us the same as at Fort William because of the internal freight rate structure in Canada—the freight rate was 18 cents per bushel or 3 $\frac{1}{2}$ cents more than from the St. Lawrence to the U.K. That is the problem with which we are confronted.

I do not think I am in a position to comment on just what the seaway will mean. We hope it will mean a substantial reduction in the cost of moving wheat to Montreal; but unless there is a change in these ocean freight rate structures I do not think the opening of the seaway will correct the situation. I think that wheat out of Vancouver and Churchill will still be at a premium over the price of wheat at Fort William.

By Mr. Argue:

Q. Do you know whether or not the saving might be in the neighbourhood of 4 or 5 cents a bushel?—A. No. I think that is anybody's guess. I will be pleasantly surprised if it results in a saving of 4 cents per bushel for our producers.

By Mr. Southam:

Q. Coming back to Durum wheat has there been an appreciable change in the demand for Durum wheat in the world markets in the last seven years? Has there been an increase or a decrease.—A. The demand has decreased very substantially. Unfortunately the Durum wheat produced two years ago, and last year, contained a large percentage of 4 c.w. Amber Durum which is not a quality Durum wheat compared to Durum exported by other countries. We are finding difficulty in merchandising the 4 c.w. which we have available.

In so far as Durum wheat is concerned, I would say we have the heaviest surplus condition of any grain in Canada. The production has been substantially increasing over the years and we have a more serious problem in marketing it than we have in marketing any other grain which we are handling at the present time.

By Mr. Gundlock:

Q. I would like to ask Mr. McNamara this question: say, for example, that the elevator companies buy 50 million bushels of No. 2; how many bushels do they sell?—A. We come out even on that. I think your point is, when the elevator companies take the wheat they grade it. We only take it from the elevator companies, basis in store Fort William, at the grade established by the Board of Grain Commissioners. Any difference in grade between what the farmer receives and what is delivered to the Board is the responsibility of the elevator companies. We are not involved in that at all.

Q. That is what I was trying to get at. I was wondering what kind of business the elevators were doing in that respect. Are they maintaining grades, or are there any figures on that?—A. We have no figures on that.

By Mr. Jorgenson:

Q. Would not that question be more appropriately asked of the Board of Grain Commissioners?—A. Yes.

By Mr. Horner (Acadia):

Q. I was wondering about the St. Lawrence Seaway. When the St. Lawrence seaway comes into operation will the grain ships be able to go right to Fort William and not stop at Montreal?—A. Yes. I understand it will be possible for ocean going boats to proceed to Fort William. However, I do not anticipate the bulk of our grain will be delivered to ocean-going boats at Fort William. It is my opinion that the bulk of our grain will still be moved in the large lake boats to Montreal and made available to the ocean-going vessels at Montreal.

Q. Would it not be more economical for the ocean going boats to go right up to Fort William?—A. With the seaway it will be possible for our large lake boats to proceed right to Montreal without having to unload at the transfer points and put the grain into the canallers. That should result in a considerable saving. It is hoped that there will be two-way traffic for them, bringing back ore, and that this will put them in a position to compete favourably with the ocean going vessels.

By Mr. Argue:

Q. Could Mr. McNamara give us the figures as to the quantity of wheat sold through Pacific ports and the quantity sold through Fort William and Port Arthur?—A. For this particular crop year?

Q. Yes; or generally?—A. I have in mind that this year, for the year ending July 31 last, we enjoyed a record movement out of Vancouver. The over-all quantity of grain that was shipped, including wheat, barley, oats, flax, rye and rapeseed, is about 170 million bushels as compared to 150 million bushels the previous year, both of which are, of course, records. This is by far the largest movement out of our west coast ports, and that includes Prince Rupert and Victoria.

Q. What about Port Arthur and Fort William last year?—A. This is for the crop year: for the Pacific seaboard—and this is just wheat, oats, barley, flax and rye, and it is up until July 16—it was 162.5 million bushels as compared to 133.3 million bushels for the same period the year before; Churchill, 16.7 million bushels as compared to 16.3 million bushels the previous year; the St. Lawrence ports, 117.3 million bushels as compared to 114.2 million bushels the previous year; Atlantic seaboard ports, Halifax and Saint John, 30.9 million bushels as compared to 28.5 million bushels the previous year; shipments to the United States, including our malting barley and wheat going over in bond, 52.9 million bushels as compared to 47.3 million bushels the previous year. That gives a total export including exports of wheat in the form of flour, from August 1 last until July 16, of 417.8 million bushels as compared to 371.8 million bushels the previous year.

Q. A majority of the grain still moves east?—A. Yes.

Q. Taking it as a narrow majority?—A. Yes. It is getting pretty close.

Q. Is the quantity which is going to the Pacific ports limited more by the facilities available or by the boats? I take it it is not because of the demand since the price differential is so great.—A. No. Of course, when we are breaking new records every year it is hard to say what the limitation of a port is; but I am inclined to think, with our over-all grain shipments of 170 million bushels, we are getting pretty close to the capacity of the present terminals and berths available and the general port facilities, plus the ability of the

railways to move the grain and to spot the cars at the terminals with the equipment and yards available. We are, I would think, getting pretty close to the maximum at 170 million bushels.

Q. Since there is the price advantage at Vancouver of 12 cents, and since, Mr. McNamara said that a saving by way of the seaway of 4 or 5 cents a bushel would make him pleasantly surprised, does he feel there is any point in expanding facilities through the western ports so that perhaps even a larger quantity of grain could go that way? I know that there has been some demand, from Vancouver, for increased facilities. I am trying to look at this thing through the eyes of the western wheat producer, and also through the eyes of the Canadian Wheat Board and am wondering whether or not there would be any advantage to Canada in increasing those facilities?—A. If we were sure that the present ocean freight rate situation would prevail, I would definitely say that we ought to greatly expand our facilities at the west coast because it is much more profitable to sell our grain from that port area. Our experience is when ocean rates are depressed, the boats are prepared to take the longer trip and the Vancouver situation is more favourable. When ocean freight is in tight supply they are more interested in shorter hauls and that favours the St. Lawrence route.

Certainly, if the present situation is to be a permanent situation, I would strongly recommend that we ought to increase our facilities at the west coast.

I am pleased to note that the government, through the National Harbours Board, have made arrangements to increase the capacity of one of the terminals which they own out there.

Mr. ARGUE: I am wholeheartedly in agreement with the statement made by Mr. McNamara and I think it is particularly necessary now when we face such acute competition from the United States and from other countries. If this condition is something of a permanent condition I would hope that the government would continue to increase those facilities so that the producer may obtain the largest part of the eleven or twelve cent advantage that may be possible.

Mr. CHURCHILL: You cannot be sure it is permanent. The situation in the Pacific, in respect of ocean freight, was changed at the time of the Suez crisis and greater world shipping. You recall it was then that the shipments from the west coast ports increased.

Mr. ARGUE: I think the price differential existed before the Suez crisis; I may be wrong. I do not think the difference occurred only at that time.

Mr. CHURCHILL: Ocean freight rates fluctuated very considerably at that time due to concentrated shipping in the Pacific.

By Mr. Argue:

Q. It is in my mind that the spread between Fort William and Vancouver was 6 or 8 cents a bushel at some time prior, and Mr. McNamara may correct me if I am wrong.—A. We have had periods like that in the past when Vancouver has been at a premium. I remember it was as high as 7 cents at one time. However, I must agree with the minister that the current situation has crystallized and has been with us constantly since the Suez crisis. It started at that time and has been that way since.

By Mr. Hicks:

Q. I would like to inquire about the prices on these two different grades that go to Japan. You mentioned that Japan is a market for high-grade wheat and that you are also now shipping some low-grade grain over there. What prices do they sell for?—A. Last Friday our asking price for No. 2 Northern wheat out of Vancouver, basis in store at terminals Vancouver, was \$1.70 and $\frac{3}{4}$ cents per bushel; No. 3 Northern was \$1.63 and $\frac{3}{4}$ cents per bushel; No. 5 wheat, was \$1.45 and $\frac{3}{4}$ cents per bushel; and No. 6 wheat—they have been taking it in small quantities—was \$1.36 and $\frac{3}{4}$ cents per bushel.

By Mr. Muir (Lisgar):

Q. I wonder if we might have the same comparison between Vancouver and Churchill to the United Kingdom as we had between Vancouver and Fort William?—A. Yes. On the same date, July 25, our No. 2 Northern, price in store, Churchill, was \$1.70 and $\frac{1}{4}$ cents per bushel, the same as at Vancouver, or eleven cents per bushel over Fort William; No. 2 Northern could be laid down C.I.F. United Kingdom out of Churchill at \$1.92.075 cents per bushel. That works out at 1.3 cents per bushel below the price out of Vancouver.

The freight rate from Churchill to the United Kingdom was 17.12 cents per bushel.

By Mr. Pascoe:

Q. I wonder if the facilities at Churchill are being used to their available capacity, or is it being limited by the amount we have available?—A. The government doubled the capacity at Churchill a few years ago to five million bushels.

For this season at Churchill, we have sold 50 cargoes which is over shipments made last year. This will be a new record for the port, and it is slightly in excess of 17 million bushels.

We believe that the port of Churchill will be able to continue to make new records. But I think we are getting close to the cleaning and unloading capacity and berthing facilities available to handle such movements.

I would hate to put a ceiling on the movement out of Churchill because we are strong supporters of that port. In addition, the producers benefit greatly from the wheat which we sell out of that port.

But we are getting pretty close to capacity which in my opinion includes also the ability of the railroad to move necessary supplies. They are only moved over the Canadian National Railways.

I think that if we are to increase substantially the movement out of Churchill, consideration will have to be given to either doubling or improving rail facilities available to the port.

The CHAIRMAN: What is the length of the shipping season out of Churchill?

The WITNESS: The first boat came in on July 26 this year. The insurance period is from July 23 to October 15.

The CHAIRMAN: Are there any further questions? If not, let us deal with paragraph eight.

Mr. TRELEAVEN:

8. Exports

The following table shows Canadian export sales of wheat and flour from May, 1957 to April, 1958; a period of time which approximates the selling operations of the 1956-57 Pool Account:

	1957-58 (million bushels)	1956-57
May, 1957	23.3	42.3
June	25.1	47.1
July	22.5	28.1
August	27.4	29.3
September	24.2	27.8
October	21.4	24.0
November	31.2	24.4
December	23.1	21.3
January, 1958	22.4 ¹	17.4
February	20.9 ¹	14.8
March	23.3 ¹	16.8
April	25.9 ¹	15.2
	<u>290.7</u>	<u>308.5²</u>

⁽¹⁾Subject to revision.

⁽²⁾Revised total.

As shown by the above table exports of wheat (including flour) from May, 1957 to April, 1958 amounted to 290.7 million bushels as compared with 308.5 million bushels during the corresponding months of the previous crop year.

Exports of wheat (including flour) were relatively low during the months of May, June and July, 1957, as compared with the buoyant exports for the same months in 1956. These exports reflected mainly a lack of demand for wheat for shipment through St. Lawrence ports in the final three months of the crop year 1956-57.

In the August-October period exports continued on a moderate scale slightly below the volume of the same months in the previous crop year. In November, exports were in excess of exports for the same month in the previous year and this increased level of exports was maintained until the closing of the 1956-57 Wheat Account on May 9, 1958.

The CHAIRMAN: Are there any questions or comments, gentlemen? If not, let us go on to paragraph 9.

Mr. TRELEAVEN:

9. General Comments

An unsatisfactory level of exports of wheat and flour during the May-July period, 1957, has been indicated. On August 1, 1957 a new crop year was at hand and the major issue was Canadian participation in available world markets for the ensuing months. There were two factors in the marketing situation which had to be recognized. The European wheat crop in 1957 was substantially larger than in 1956. Western Europe harvested 200 million bushels more wheat than in the previous crop year when an extremely cold winter had damaged wheat crops over a wide area. It was also apparent that Eastern Europe had harvested a larger wheat crop than in the previous year; all told, European production in 1957 was approximately 300 million bushels greater than in 1956. It was equally apparent that world trade in wheat in 1957-58 would be considerably smaller than in the previous crop year for the reasons stated above.

The Canadian marketing problem was, therefore, in terms of securing a larger share of a smaller world market for wheat. In approaching this objective the improved quality of wheat production in 1957 was an asset of considerable importance. There was the prospect that as the crop year progressed the quality of Canadian wheat available for overseas markets would

steadily increase. There was a further advantage in that the main wheat importing countries of Western Europe, having harvested larger crops, would seek high quality wheat in order to maintain the quality of their breadstuffs.

The bountifulness of European production in 1957 limited wheat exports in the early part of the crop year and it was not until November that Canadian exports of wheat and flour gathered momentum and the possibility of an improved year of exports became evident. The 1956-57 Pool Account was closed on May 9, 1958 and, therefore, only partially reflected the improved export possibilities for the crop year ending July 31, 1958.

During the period under review the Board fully maintained the level of commercial sales of wheat. In addition, the export movement was facilitated and increased by the action of the Government of Canada in making certain Colombo Plan appropriations available to recipient countries in the form of wheat and flour, in providing long term credit arrangements to Colombo Plan countries for the purchase of wheat or flour and in providing an appropriation of 15 million dollars as a grant to Colombo Plan countries for the purchase of wheat or flour. The provisions of the Export Credit Insurance Act were made available to provide short term credit arrangements to importing countries as required.

1. Receipts and Disposition—1956-57

Pool Account—Oats

RECEIPTS

Receipts of oats in the 1956-57 Oats Pool were 79,578,217.3 bushels.* This total included 69,049,123.6 bushels delivered by producers from August 1, 1956 to July 31, 1957; an additional 5,923.4 bushels acquired from other than producers; and 10,523,170.3 bushels transferred from the 1955-56 Pool Account to the 1956-57 Pool Account.

DISPOSITION OF STOCKS

Completed sales from the 1956-57 Pool Account from August 1, 1956 to May 9, 1958 amounted to 77,038,217.3 bushels (including weight losses in drying of 83.7 bushels). The remaining stocks of oats in the 1956-57 Pool as at May 9, 1958; namely, 2,540,000 bushels were transferred to the 1957-58 Pool in accordance with provisions of Section 29 of the Canadian Wheat Board Act. Unsold stocks of oats consisted entirely of No. 1 Feed Oats and were transferred on the basis of the Board's quoted price for No. 1 Feed Oats on May 9, 1958, less 1 cent per bushel for subsequent carrying charges and market risk. The transfer was approved by Order in Council P.C. 1958-900, June 26, 1958.

The CHAIRMAN: Are there any comments, gentlemen?

By Mr. Argue:

Q. What part of our crop was sold by means of Colombo Plan appropriations and other gifts or credits? In other words, what part was sold strictly for cash on the line, and what part by other means?—A. In round figures—and this applies to the 1957-58 crop year, not just to this pool year,—our total exports, as the official figures I think will indicate—will be about 312 million bushels for the past crop year.

Out of that quantity about 31 million bushels were sold through special assistance such as government gifts to the Colombo Plan countries, or gifts or loans under the provisions of the Colombo Plan.

In addition to that, Russia, under the second year of her contract with the government in connection with the trade agreement, took 14.8 million bushels.

*Pool receipts were adjusted upward by 5,711.9 bushels as compared with receipts shown on Page 17 of the Annual Report of The Canadian Wheat Board for 1956-57.

Under the provisions of export credit there was only Israel and Poland; they are the only two countries which have made arrangements to procure wheat on that basis.

Poland, although it has a credit arrangement with the government, has not yet completed her agreement with the Canadian Wheat Board. Only 40,000 tons was made available to Israel under the provisions of export credit in this current crop year.

Q. This would leave about 266 million bushels sold for cash and delivered?—A. That is right, on a straight commercial basis.

Q. That is right. And that would leave about 46 million bushels, the sale of which was assisted by one means or another.—A. It depends on the status in which we put the Russian business. It is considered cash as far as we are concerned, although it was secured because of the trade agreement negotiated between the two countries.

But as far as the wheat board is concerned, it is considered a cash transaction and no credit arrangements are included in it at all.

It was available to us this year but in the previous crop year they took no wheat because it was not necessary for them to do so under the terms of the agreement.

Q. What would be the comparable figure for this kind of business in any preceeding period?—A. You mean comparable to the 31 million bushels?

Q. All right, and the other type of business?—A. Well, I think it would be about 15 million bushels. We will check it and have it available for you. This quantity was made available under special provisions in the previous crop year.

Mr. Gordon CHURCHILL (*Minister of Trade and Commerce*): The exports for 1957-58 exceeded those for 1956-57 by 56 million bushels.

Mr. ARGUE: 46 million bushels were sold for credit or were assisted by some means or another and were not sold for cash at all, and it was straight cash on the others?

Mr. CHURCHILL: That is forward-looking government policy.

Mr. ARGUE: I am all for it, and I hope the minister raises his sights.

Although we have heard some members—not in my party—criticizing the give-away program, I am all for the give-away program; and if you care to step it up, you will have my support and you will have the support of the producers who are producing the grain, because thereby you would reduce the surplus that we now have.

Mr. CHURCHILL: We are very happy to do this and to support a constructive program.

Mr. ARGUE: That is why I have never felt it was a good idea for Canada to go to the United States and complain about the give-away program. We would be far better off to support one of our own, and I am glad to see that one is under way.

Mr. CHURCHILL: My complaint about the United States has been chiefly with regard to their bartering of wheat for strategic materials to normally cash customers. They excluded us from sales a year ago to the extent of 40 million bushels by virtue of that practice, yet it was a very small proportion of their exports.

Mr. ARGUE: That is right. It was a very small proportion of their sales.

By Mr. Muir (Lisgar):

Q. I would like to ask the witness if the board feels that these gifts of grain have opened up potential future markets in Asia and in Asian countries? Do you feel that we have a very much larger potential market for our grain as

a result of this practice?—A. Oh yes. I think the assistance we have received from the government, particularly with regard to the Colombo Plan countries, has been of real benefit to us and has paved the way for developing further business for Canada. And the same applies to Japan. The work we are doing, in addition to the work that the Americans are doing for that country is developing a market for our wheat and building for the future.

We are also very optimistic about the possibility of increasing our trade with China to the same degree that it has been possible to increase it with Japan. I think one of the points in this discussion between the minister and Mr. Argue which should not be overlooked, is that the movement of wheat in international trade this year—this past year—is substantially below the quantity which was moved in the previous year.

We are the only exporting country which did not have a substantial decline in our exports, so I suggest that we should continue to strive for commercial business averaging around 250 million bushels a year.

Because of our better quality crop last year, and the increased production of low quality grain in Europe we were in a position to take advantage of their requirements for quality grain. I am not minimizing the assistance we received from the government. We found it to be very helpful. But there was a bigger demand for quality wheat, and we had the quality to supply that demand. That is the main thing we have to sell in competition with our American brothers.

All producers will agree that what we need to maintain is quality in order to keep our place in the world market and to get the business.

By Mr. Hicks:

Q. Is there any other country which produces the same quality of wheat that Canada produces?—A. Argentina has some quality wheat; our friends to the south, of course, in some of their wheat areas produce the same quality of wheat, the bulk of which is used in the United States.

Russia has some wheat which compares favourably with Canadian wheat. But we are the only major supplier of quality wheat.

By Mr. Forbes:

Q. When you estimate the quantity of wheat, do you take into consideration the amount which is exported to the United States as seed wheat?—A. No. Those figures do not include the movement of seed grain.

Q. Have you any idea how many bushels have been moved as seed to the United States?

Mr. TRELEAVEN: We have no record of it in our operations.

The WITNESS: We issue the permit, but we do not get the final returns.

Mr. TRELEAVEN: That will be reflected in the final statistics published subsequent to the end of the crop year.

By Mr. Forbes:

Q. You just issue the blank permit?—A. That is right, and we do not follow it through to see what actual quantity goes to the United States under that permit. But the Bureau of Statistics follows it through and when we get our final figures at the end of the crop year they will include all exports.

By Mr. Thomas:

Q. It appears that if we can sell in export about 250 million bushels, and if we have a possible disappearance of around 160 million bushels, as was discussed yesterday, it would seem that there would be around 410 million bushels of total disappearance that we might look for. I would think it to be

a very optimistic forecast for a wheat growing nation. Would that be correct, over a long term?—A. I would think that over the long term, the statistics will bear this out—that Canada can look for normal business in the neighbourhood of 250 million bushels. Of course, some years it might be above that figure and some years it might be below. But that is our long term, or postwar average.

We set our target again in this next crop year for 300 million bushels, and we shall, I expect, be in a position to develop between 230 to 250 million bushels in the regular commercial channels. We will have to have a substantial assistance program to reach the 300 million bushel target. We will be up against severe competition next year.

Our American friends have produced the second largest crop in their history. But their exports were down this past year while ours were up. I think we must anticipate keener competition from them during the coming year.

By Mr. Jorgenson:

Q. Have you any idea of the quality of the American crop?—A. We understand that their winter wheat crop is of very low quality. We hope that our new crop will be of high quality.

Q. Do you anticipate increased competition from Russia?—A. It is difficult to say. We are inclined to think that some of the wheat which was taken from us this year found its way into some of the other European countries. But I am confident that the Russians will live up to their agreement with Canada and purchase another 400,000 tons from us this year under the terms of the trade agreement. But I have no idea what their competitive position as importers will be.

The CHAIRMAN: Any comments, gentlemen? If not we will go on to paragraph 2 of this item. Will we take this as read?

2. 1956-57 Pool Account—Oats

The following table shows the operating results of the 1956-57 Pool Account from August 1, 1956 to the closing date of the pool, May 9, 1958:

	Bushels	
1. Oats acquired by the Board:		
(a) Producers' deliveries, August 1, 1956 to July 31, 1957.....	69,049,123.6	
(b) Oats otherwise acquired ¹	5,923.4	
(c) Purchased from 1955-56 Pool Account—Oats..	10,523,170.3	
Total oats acquired.....	79,578,217.3	
	(Value)	(Value)
2. Cost of oats acquired.....		\$49,386,443.04
3. Proceeds of sales—August 1, 1956 to May 9, 1958.....	\$52,190,454.71	
Transferred to 1957-58 Pool Account as at May 9, 1958 ² .	1,625,600.00	53,816,054.71
4. Gross surplus as at May 9, 1958.....		4,429,611.67
5. Operating costs—August 1, 1956 to May 9, 1958:		
(a) Carrying charges, including terminal storage..	6,024,977.94	
(b) Interest and bank charges.....	225,624.21	
(c) Freight recovery on export oats.....	(16,244.60)	
(d) Drying charges.....	134.34	
(e) Brokerage and Clearing Association charges...	16,395.50	
(f) Administrative and general expenses.....	291,817.52	6,542,704.91
6. Deficit on operations of the Board on 1956-57 Pool Account—Oats, as at May 9, 1958.....		\$ 2,113,093.24

¹Purchases from non-producers at the Board's initial prices basis in store Fort William/Port Arthur.

²For details of transfer see Page 7.

The CHAIRMAN: On paragraph 3. Shall we take it as read?

3. General Comment on the Marketing of Oats—1956-57 Pool Account

As shown in the operating statement on the preceding page the 1956-57 Oats Pool was closed with a deficit of \$2,113,093.24. This operating deficit resulted from a combination of factors bearing upon the marketing of oats during the period of the pool.

The initial payment for oats for the crop year 1956-57 was established at 65 cents per bushel basis No. 2 Canada Western Oats in store Fort William/Port Arthur. On June 13, 1957 the initial payment for the crop year 1957-58 was established at 60 cents per bushel basis No. 2 Canada Western Oats in store Fort William/Port Arthur. The 1956-57 pooling operation was on the basis of the higher initial payment.

The 1955-56 Pool Account was closed on November 16, 1956, and with minor exceptions selling operations applicable to the 1956-57 Pool Account commenced on November 17, 1956. Within the next thirty days asking prices for most grades of oats declined by about 5 cents per bushel, and by mid-March had declined another 5 cents per bushel. These reductions in the selling prices for oats brought Board asking prices for No. 1 Feed Oats to a level of 66½ cents per bushel. During the balance of the selling period of the 1956-57 Pool Account the Board asking prices for No. 1 Feed Oats varied slightly above or slightly below 65 cents per bushel basis in store Fort William/Port Arthur. The major part of Board selling from the 1956-57 Pool Account took place at this level of prices basis No. 1 Feed Oats. The initial payment for this grade of oats in the pool was 60 cents per bushel. Therefore, the margin between initial payments to producers and Board selling prices for various grades of oats was relatively narrow for the 1956-57 pooling operation.

On July 31, 1956 commercial supplies of oats amounted to 49.9 million bushels which represented a substantial increase in carried-over stocks. Producers delivered 69 million bushels to the 1956-57 Pool. These new deliveries, along with the commercial carryover (principally western oats), provided total supplies of 118.9 million bushels of oats available for the crop year 1956-57. Of these oats, 54.0 million bushels were in commercial positions on July 31, 1957. Therefore, utilization of oats within the crop year 1956-57 was 64.9 million bushels. Of this utilization, exports accounted for 18.3 million bushels, and the balance was used for domestic purposes in Canada. About the same level of utilization prevailed during the period August 1, 1957 to the closing date of the pool on May 9, 1958. Throughout the period of the 1956-57 Oats Pool there was a continuous surplus of oats in commercial positions over and beyond possible export and domestic demand. This fact continuously affected the price structure for oats.

The carrying of substantial stocks of oats in excess of domestic and export demand resulted in the 1956-57 Pool Account paying exceptionally heavy carrying charges. Carrying charges applicable to the 1956-57 Pool amounted to \$6,024,977.94, or an average of 8.7256 cents per bushel on producers' marketings of 69,049,123.6 bushels. Comparable carrying charges for the 1955-56 Pool were \$2,792,556.80, or an average of 3.9118 cents per bushel.

Other costs involved in the 1956-57 Oats Pool were interest and bank charges, \$225,624.21; brokerage and Clearing Association charges, \$16,395.50; drying charges, \$134.34; and administrative and general expenses, \$291,817.52 (or .4226 cent per bushel on producers' deliveries of 69,049,123.6 bushels). Freight recoveries on oats shipped to Pacific Coast ports for export amounted to \$16,244.60.

Total operating costs applicable to the 1956-57 Pool, including carrying charges, amounted to \$6,542,704.91, or 9.475 cents per bushel. Comparable operating costs, including carrying charges, for the 1955-56 Pool Account, were \$3,123,846.85, or 4.375 cents per bushel.

Thus, prices realized by the Board in the sale of oats from the 1956-57 Pool were not sufficiently above initial payment levels to compensate for the sharp increase in operating costs applicable to the pool.

The following table shows monthly average Board quotations for No. 1 Feed Oats, along with high and low prices recorded each month from November 17, 1956 to May 9, 1958. All prices are basis in store Fort William/Port Arthur.

	High	Low	Average
	(cents per bushel)		
November 17-30, 1956.....	77 $\frac{3}{4}$	76 $\frac{1}{4}$	77 $\frac{1}{2}$
December.....	76 $\frac{1}{2}$	71 $\frac{1}{4}$	73 $\frac{1}{2}$
January, 1957.....	74	71 $\frac{3}{4}$	73 $\frac{1}{4}$
February.....	71 $\frac{3}{4}$	70	70 $\frac{1}{2}$
March.....	70 $\frac{1}{2}$	66 $\frac{1}{4}$	68 $\frac{1}{2}$
April.....	67 $\frac{1}{4}$	65 $\frac{1}{4}$	66 $\frac{1}{2}$
May.....	67	65	66 $\frac{1}{2}$
June.....	66 $\frac{1}{4}$	64 $\frac{3}{4}$	65 $\frac{1}{2}$
July.....	66	65	65 $\frac{1}{2}$
August.....	65 $\frac{3}{4}$	65 $\frac{1}{4}$	65 $\frac{1}{2}$
September.....	68	65 $\frac{1}{2}$	67 $\frac{1}{2}$
October.....	66 $\frac{1}{2}$	65	65 $\frac{1}{2}$
November.....	66 $\frac{3}{4}$	66 $\frac{1}{4}$	66 $\frac{1}{2}$
December.....	66 $\frac{3}{4}$	66 $\frac{1}{4}$	66 $\frac{1}{2}$
January, 1958.....	67 $\frac{1}{4}$	65 $\frac{3}{4}$	66 $\frac{1}{2}$
February.....	67	66	66 $\frac{1}{2}$
March.....	66 $\frac{1}{4}$	65	65 $\frac{3}{4}$
April.....	65 $\frac{1}{4}$	63 $\frac{3}{4}$	64 $\frac{1}{2}$
May 1-9.....	65	64 $\frac{1}{2}$	64 $\frac{1}{2}$

The following table shows Board purchases and net sales of oats, by months, and stocks of oats held by the Board at the end of each month for the account of the 1956-57 Pool:

	Purchases	Sales	Unsold Stocks
	(bushels)		
August, 1956.....	1,768,993.7	8,218.7	1,760,775.0
September.....	7,671,398.9	35,245.6	9,396,928.3
October.....	14,281,170.8	2,276,774.1	21,401,325.0
November.....	15,806,400.6	6,176,740.6 ¹	31,030,985.0
December.....	2,738,612.9	247,799.3	33,521,798.6
January, 1957.....	2,890,923.6	2,751,389.2	33,661,333.0
February.....	2,341,880.8	273,379.9	35,729,833.9
March.....	2,987,099.2	863,011.9	37,853,921.2
April.....	2,870,584.6	2,941,007.3	37,783,498.5
May.....	4,441,637.7	4,803,801.2	37,421,335.0
June.....	6,753,817.9	5,543,147.5	38,632,005.4
July.....	15,025,696.6	11,840,868.2	41,816,833.8
August.....	—	5,013,583.8	36,803,250.0
September.....	—	4,980,903.7	31,822,346.3
October.....	—	3,544,629.4	28,277,716.9
November.....	—	7,692,508.7	20,585,208.2
December.....	—	5,382,522.7	15,202,685.5
January, 1958.....	—	590,316.8	14,612,368.7
February.....	—	1,669,957.0	12,942,411.7
March.....	—	6,495,124.3	6,447,287.4
April.....	—	3,850,287.4	2,597,000.0
May.....	—	2,597,000.0 ²	—
	79,578,217.3	79,578,217.3	—

⁽¹⁾Includes 10,523,170.3 bushels of cash grain purchased from 1955-56 Pool Account and the sale of 4,998,000.0 bushels futures to the 1955-56 Pool Account.

⁽²⁾Includes 2,540,000.0 bushels of cash grain sold to the 1957-58 Pool Account.

As shown by the above table Board sales of oats were relatively small during the August-March period of 1956-57, reflecting sales in the first three and one-half months of the crop year which were credited to the 1955-56 Pool Account and a very light demand for oats during the winter months. Commencing in April, 1957 the demand for oats improved and substantial sales were effected by July 31, 1957. During the first half of 1957-58 a steady reduction was made in the quantity of unsold oats in the 1956-57 Pool. An improved level of sales in March and April enabled the pool to be closed as at May 9, 1958 with a relatively small transfer to the 1957-58 Pool. As previously indicated, a substantial volume of unsold oats was carried for the account of the 1956-57 Pool over the greater part of the life of the pool, with a consequent increase in carrying charges.

Of total sales of 79,578,217.3 bushels, 62,748,000 bushels were sold in the futures market.

Since the 1956-57 Pool was closed with a deficit, final prices realized by producers were the initial payments received at the time of delivery. Initial payments in 1956-57 for the principal grades of oats were:

	Cents per bushel
No. 2 Canada Western	65
Extra No. 3 Canada Western	62
No. 3 Canada Western	62
Extra No. 1 Feed	62
No. 1 Feed	60
No. 2 Feed	55
No. 3 Feed	48

The CHAIRMAN: Over to page 11, Receipts and Disposition—Barley. Shall we take that as read?

1. *Receipts and Disposition—1956-57*
Pool Account—Barley

RECEIPTS

Receipts of barley in the 1956-57 Pool were 135,278,075.4 bushels. This total included 120,571,573.2 bushels delivered by producers between August 1, 1956 and July 31, 1957; an additional 13,372.6 bushels received from other than producers; and 14,693,129.6 bushels transferred from the 1955-56 Pool to the 1956-57 Pool as at November 2, 1956.

DISPOSITION OF STOCKS

Sales of barley (including weight losses in drying) from the 1956-57 Pool amounted to 134,313,383.1 bushels, leaving 964,692.3 bushels of unsold stocks to be transferred to the 1957-58 Pool. The latter stocks, consisting of No. 1 Feed Barley, were transferred as at the close of business on May 9, 1958 on the basis of the Board's quoted price for No. 1 Feed Barley on this date; namely 90 cents per bushel. It was not considered necessary to provide for carrying charges or market risk subsequent to the date of transfer. The transfer was approved by Order in Council P.C. 1958-746, May 29, 1958.

2. 1956-57 Pool Account—Barley

The following table shows the operating results of the 1956-57 Pool Account from August 1, 1956 to the closing date of the pool, May 9, 1958:

1. Barley acquired by the Board:

	Bushels
(a) Producers' deliveries, August 1, 1956 to July 31, 1957	120,571,573.2
(b) Barley otherwise acquired ¹	13,372.6
(c) Purchased from 1955-56 Pool Account—Barley	14,693,129.6
Total barley acquired	135,278,075.4

(Value)

(Value)

2. Cost of barley acquired		\$122,148,914.16
3. Proceeds of sales—August 1, 1956 to May 9, 1958	\$135,450,455.67	
Transferred to 1957-58 Pool Account as at May 9, 1958 ²	868,223.07	136,318,678.74
4. Gross surplus as at May 9, 1958		14,169,764.58
5. Operating costs—August 1, 1956 to May 9, 1958:		
(a) Carrying charges, including terminal storage	6,624,588.03	
(b) Interest and bank charges	19,038.12	
(c) Freight recovery on export barley	(957,342.47)	
(d) Diversion charges on export barley	198,982.08	
(e) Drying charges	49,863.26	
(f) Brokerage and Clearing Association charges	10,054.23	
(g) Administrative and general expenses	522,021.65	6,467,204.90
6. Surplus on operations of the Board on 1956-57 Pool Account—Barley, for the period August 1, 1956 to May 9, 1958		\$ 7,702,559.68

The CHAIRMAN: No. 3, operating costs, barley. Any comments?

By Mr. Gundlock:

Q. Mr. Chairman, I wonder if I might back up one item? I notice in several paragraphs here reference to wheat losses in drying. Is there a counter balance there or is it just strictly a loss?—A. When you dry grain there is a natural shrinkage. There is a loss of bushels as a result of the drying operation.

⁽¹⁾Purchases from non-producers at the Board's initial prices basis in store Fort William/Port Arthur.

⁽²⁾For details of transfer see above.

Q. I realize that, Mr. McNamara, but there must be a compensation there. Do you buy wet grain and simply blow it up the stack?—A. No, we take delivery of the grain when it is damp and has to be dried. Then it is redelivered to us as dry grain after it has been dried. There is a difference in price, of course, and it offsets the loss we take due to shrinkage. The drying charges allow for the shrinkage loss.

The CHAIRMAN: No. 3, operating costs.

By Mr. Jorgenson:

Q. I have just one further question on this. In drying operations you are able to increase the quality of the grain—that is, there is no deterioration obviously?—A. No, that is right; after it is dried under the supervision of the Board of Grain Commissioners we do not suffer a loss in quality; we suffer a loss in weight.

Q. In weight?—A. That is right.

The CHAIRMAN: May we take numbers 3, 4, and 5 as read?

3. Operating Costs—1956-57 Barley Pool

The principal item in operating costs was carrying charges which amounted to \$6,624,588.03, or 5.4943 cents per bushel on producers' deliveries to the pool. Increased carrying charges reflected larger stocks of unsold barley carried by the Board, particularly in the period from May through October, 1957, as well as the longer duration of the pool. Interest and bank charges amounted to \$19,038.12. Diversion charges on barley shipped to the Pacific Coast for export were \$198,982.08. On the same barley, freight recoveries amounted to \$957,342.47. Drying charges were \$49,863.26, while brokerage and Clearing Association charges amounted to \$10,054.23. Board administrative and general expenses were \$522,021.65, or .43295 cent per bushel on producers' deliveries of 120,571,573.2 bushels.

Net operating costs applicable to the 1956-57 Barley Pool were \$6,467,204.90. Net costs reflected the substantial freight recoveries on barley shipped to the Pacific Coast for export as outlined above.

4. Surplus for Distribution to Producers

The surplus in the 1956-57 Barley Pool for distribution to producers was as follows:

Surplus on operations of the Board as at May 9, 1958		\$7,702,559.68
Deduct: Prairie Farm Assistance Act levy....	\$76,468.85	
Cost of issuing final payment	80,152.07	156,620.92
		7,545,938.76
Add: Additional interest earned after May 9, 1958		24,477.59
Surplus for final distribution to producers		\$7,570,416.35

As shown by the preceding table the final surplus for distribution to producers was \$7,570,416.35. On producers' marketings of 120,571,573.2 bushels, the average final payment was 6.278 cents per bushel.

The following table shows initial payments, final payments and prices (basis in store Fort William/Port Arthur) realized by producers for the principal grades of barley delivered to the Board in 1956-57 after deducting Board operating costs, including carrying charges in country and terminal elevators and Board administrative expenses:

	1 Initial Payment	1 Final Payment	1 Realized Price
	(Cents per bushel)		
No. 2 C.W. Six-Row	98	8.92187	106.92187
No. 3 C.W. Six-Row	96	6.01103	102.01103
No. 4 C.W. Six-Row	90	4.80776	94.80776
No. 2 C.W. Two-Row	91	15.12279	106.12279
No. 3 C.W. Two-Row	88	10.30437	98.30437
No. 1 Feed	87	5.15372	92.15372
Extra No. 2 Feed	83	6.83067	89.83067
No. 2 Feed	83	6.83067	89.83067
No. 3 Feed	76	10.99679	86.99679
Tough No. 3 C.W. Six-Row	92	7.51103	99.51103
Tough No. 3 C.W. Two-Row	84	11.80437	95.80437
Tough No. 1 Feed	83	6.65372	89.65372
Tough No. 2 Feed	79	8.33067	87.33067
Tough No. 3 Feed	72	12.49679	84.49679

The final payment on the 1956-57 Barley Pool was approved by Order in Council P.C. 1958-747, May 29, 1958. The issuance of the final payment cheques to producers commenced on May 30, 1958 and was completed on June 12, 1958.

5. General Comment—1956-57 Barley Pool

The following table shows Board purchases and net sales of barley, by months, and stocks of barley held by the Board at the end of each month:

	Purchases	Sales (bushels)	Unsold Stocks
August, 1956	1,602,044.0	18,851,151.2	(17,249,107.2)
September	7,841,578.5	17,081,884.1	(26,489,412.8)
October	20,779,706.0	4,262,848.3	(9,972,555.1)
November	27,790,104.2 ^a	24,879,355.7 ^a	(7,061,806.6)
December	11,217,813.8	2,859,784.2	1,296,223.0
January, 1957	10,984,965.1	2,123,131.7	10,158,056.4
February	7,371,118.3	2,034,681.6	15,494,493.1
March	6,122,952.7	3,847,422.6	17,770,023.2
April	7,100,615.6	1,107,612.9	23,763,025.9
May	8,872,609.1	1,125,647.8	31,509,987.2
June	10,482,176.0	2,772,758.9	39,219,404.3
July	15,112,392.1	7,229,517.3	47,102,279.1
August	—	2,265,067.2	44,837,211.9
September	—	5,065,465.7	39,771,746.2
October	—	8,189,701.0	31,582,045.2
November	—	8,782,719.5	22,799,325.7
December	—	6,081,436.2	16,717,889.5
January, 1958	—	3,158,092.5	13,559,797.0
February	—	3,867,748.1	9,692,048.9
March	—	4,887,091.1	4,804,957.8
April	—	4,686,622.3	118,335.5
May	—	118,335.5 ^a	—
	135,278,075.4	135,278,075.4	

^aAll payments prior to deduction of Prairie Farm Assistance Act levy.

(2) Includes 14,693,129.6 bushels of cash grain purchased from the 1955-56 Pool Account and the sale of 8,202,000.0 bushels of futures to the 1955-56 Pool Account.

(3) Includes 964,692.3 bushels of cash grain sold to the 1957-58 Pool Account and the purchase of 965,000.0 bushels of futures from the 1957-58 Pool Account.

The foregoing table shows the pattern of Board purchases and sales for the account of the 1956-57 Pool. Sales were relatively heavy in the first four months of the crop year 1956-57, reflecting largely the sales of the 1956 Crop barley suitable for malting. Fall sales of feeding grades of barley were credited mainly to the 1955-56 Pool Account which was closed on November 2, 1956. The demand for barley was limited during the winter and spring of 1957 and as a result unsold stocks of barley in the 1956-57 Pool Account increased sharply. Although sales improved in July, 1957, a further increase in unsold stocks occurred as a result of heavy marketings by producers in the final months of the crop year. Sales of barley increased in the September-December, 1957, period when a substantial reduction was made in the inventory of the 1956-57 Pool. A steady demand in the early part of 1958 enabled the pool to be closed on May 9, 1958 with a relatively small transfer of unsold stocks.

In the crop year 1956-57 total exports of barley amounted to 76.9 million bushels, and this rate of export continued until the closing of the pool. Principal export markets were the United States, the United Kingdom, Japan, Germany and the U.S.S.R. Domestic sales were well maintained.

On October 16, 1957 the Board announced a measure designed to increase export sales of barley from St. Lawrence ports prior to the closing of navigation in 1957 and later extended the policy to cover barley shipments through Maritime ports until the opening of navigation on the St. Lawrence River in the spring of 1958. The policy applied only on barley shipments to the United Kingdom and other European destinations. The Board announced each day the amount of the barley export adjustment. During the limited period covered by this policy the adjustment rate ranged from 5 cents to 6 cents per bushel.

The 1956-57 Pool operated during a period of falling prices which was reflected in a reduced final payment to producers. The following table shows monthly average quotations for No. 1 Feed Barley, along with high and low prices recorded each month from August 1, 1956 to May 9, 1958.

All prices are basis in store Fort William/Port Arthur.

	High	Low (cents per bushel)	Average
August, 1956	106	101 $\frac{3}{4}$	104 $\frac{3}{8}$
September	106	103 $\frac{1}{2}$	105
October	105 $\frac{1}{4}$	100 $\frac{1}{2}$	103 $\frac{1}{4}$
November	107 $\frac{1}{4}$	102 $\frac{1}{4}$	104 $\frac{1}{2}$
December	105	99	101 $\frac{7}{8}$
January, 1957	102	99 $\frac{1}{4}$	100 $\frac{7}{8}$
February	99 $\frac{1}{2}$	95 $\frac{3}{4}$	97 $\frac{7}{8}$
March	97 $\frac{1}{2}$	93	94 $\frac{3}{8}$
April	93 $\frac{3}{4}$	93	93
May	93	93	93
June	93	93	93
July	93	93	93
August	93 $\frac{1}{2}$	93	93 $\frac{1}{8}$
September	93	93	93
October	93	89	91 $\frac{3}{4}$
November	90 $\frac{1}{4}$	89	89 $\frac{3}{4}$
December	90 $\frac{1}{2}$	89 $\frac{3}{4}$	90 $\frac{3}{8}$
January, 1958	90 $\frac{1}{2}$	87 $\frac{3}{4}$	89 $\frac{1}{4}$
February	89 $\frac{1}{2}$	88 $\frac{3}{4}$	89 $\frac{1}{4}$
March	88 $\frac{3}{4}$	87 $\frac{1}{4}$	88
April	90 $\frac{3}{4}$	87 $\frac{1}{4}$	88 $\frac{3}{8}$
May 1-9	91 $\frac{3}{4}$	90	91 $\frac{1}{8}$

As shown by the above table Board quoted prices for barley declined during the greater part of the marketing period and were substantially lower than quoted prices for the preceding barley pool.

Total sales in the 1956-57 Pool Account amounted to 135,278,075.4 bushels. During this pool period 35,846,000.0 bushels were sold on the futures market.

Statement of Operations and Auditors' Report

Following herewith are the final Statements of Operations for the 1956-57 Pool Accounts—Wheat, Oats and Barley, covering the period from August 1, 1956 to May 9, 1958. These statements are preceded by the Auditors' Report.

All of which is respectfully submitted.

W. C. McNAMARA,
Chief Commissioner

W. RIDDEL,
Assistant Chief Commissioner

W. E. ROBERTSON,
Commissioner

The CHAIRMAN: Are there any comments?

Now, gentlemen, we come to the auditor's report. I will ask Mr. Treleaven to read the auditor's report.

Mr. TRELEAVEN:

We have examined the Statements of Operations of The Canadian Wheat Board dated 26th June 1958 which set forth the results of the Board's operations on 1956-57 Pool Account—Wheat, Oats and Barley for the period from 1st August 1956 to 9th May 1958 and have obtained all the information and explanations we have required. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the accompanying Statements of Operations are properly drawn up so as to exhibit a true and correct view of the results of the operations of The Canadian Wheat Board on 1956-57 Pool Account—Wheat, Oats and Barley for the period from 1st August 1956 to 9th May 1958 according to the best of our information, the explanations given to us, and as shown by the books of the Board.

MILLAR, MACDONALD & CO.
Chartered Accountants,
Auditors.

Winnipeg, Manitoba,
26th June 1958.

The CHAIRMAN: Is the report agreed to?

Agreed to.

The Canadian Wheat Board pool account—wheat, statement of operations. May we take these items as read?

THE CANADIAN WHEAT BOARD

1956-57 Pool Account—Wheat

STATEMENT OF OPERATIONS

For the period 1st August 1956 to 9th May 1958

	Bushels	Amount
Wheat acquired:		
Purchased from Producers at Board initial prices basis in store Fort William/ Port Arthur or Vancouver.....	361,357,938.3	\$446,887,937.20
Net bushels acquired from the adjustment of overages and shortages, etc., at country and terminal elevators at Board initial prices basis in store Fort William/Port Arthur or Vancouver.....	1,014,840.2	1,290,155.64
Purchased from 1955-56 Pool Account—Wheat.....	157,142,237.3	244,067,194.97
	519,515,015.8	\$692,245,287.81
Wheat sold:		
Completed sales at realized prices basis in store Fort William/Port Arthur or Vancouver:		
Domestic.....	70,527,765.6	
Export sales at Class II prices.....	237,819,585.4	
Export sales under the terms of the International Wheat Agreement.....	75,416,725.2	
Sales to the 1957-58 Pool Account—Wheat.....	135,739,249.1	785,072,485.57
Weight losses in transit and in drying.....	11,690.5	
	519,515,015.8	
Surplus on wheat transactions.....		92,827,197.76
Deduct: Carrying costs, interest, administrative and general expenses, etc., Carrying charges:		
Carrying charges on wheat stored in country elevators.....		\$36,831,441.14
Storage on wheat stored in terminal elevators and mills.....		12,825,556.77
Net interest paid to agents on agency wheat stocks.....		4,812,442.85
		54,469,440.76

Less: Carrying charges received under the Temporary Wheat Reserves Act.....	
Bank interest, exchange and bank charges plus net interest on other Board accounts.....	
Net additional freight on wheat shipped from country stations to terminal positions.....	
Handling, stop-off and diversion charges on wheat warehoused at interior terminals.....	
Drying charges.....	
Administrative and general expenses to 9th May 1958.....	
Surplus on operations of the Board on the 1956-57 Pool Account—Wheat, for the period 1st August 1956 to 9th May 1958.....	

33,137,106.47

21,332,334.29

3,509,905.28

558,603.31

462,286.10

16,249.01

2,023,181.80

27,902,559.79

\$ 64,924,637.97

This is the Statement of Operations which is referred to in our report of this date attached hereto.

MILLAR, MACDONALD & CO.
Chartered Accountants
Auditors.

W. C. McNAMARA, W. RIDDEL, W. E. ROBERTSON, Winnipeg, Manitoba,
Chief Commissioner *Assistant Chief Commissioner* *Commissioner* 26th June 1958.

THE CANADIAN WHEAT BOARD

1956-57 Pool Account-Oats

STATEMENT OF OPERATIONS

For the period 1st August 1956 to 9th May 1958

	Bushels	Amount
Oats acquired:		
Purchased from Producers at Board initial prices basis in store Fort William/Port Arthur.....	69,049,123.6	\$41,797,517.29
Oats otherwise purchased at Board initial prices basis in store Fort William/Port Arthur.....	5,923.4	3,667.85
Purchased from 1955-56 Pool Account—Oats.....	10,523,170.3	7,585,257.90
		<u>\$49,386,443.04</u>
Oats sold:		
Completed sales at realized prices basis in store Fort William/Port Arthur.....	77,038,133.6	52,190,454.71
Sales to 1957-58 Pool Account—Oats.....	2,540,000.0	1,625,600.00
Weight losses in drying.....	83.7	—
		<u>53,816,054.71</u>
Surplus on oats transactions.....		4,429,611.67
Deduct: Carrying costs, interest, administrative and general expenses, etc:		
Carrying charges:		
Carrying charges on oats stored in country elevators.....		\$5,503,885.73
Storage on oats stored in terminal elevators.....		551,092.21
Interest and bank charges.....		6,024,977.94
Freight recovered on shipments of oats to Pacific Coast ports for export.....		225,624.21
Drying charges.....		(16,244.60)
Brokerage and Clearing Association charges.....		134.34
Administrative and general expenses to 9th May 1958.....		16,395.50
Deficit on operations of the Board on the 1956-57 Pool Account—Oats, for the period 1st August 1956 to 9th May 1958.....		291,817.52
		<u>6,542,704.91</u>
		<u>\$ 2,113,093.24</u>

This is the Statement of Operations which is referred to in our report of this date attached hereto.

W. C. McNAMARA, W. RIDEHAL, W. E. ROBERTSON, MILLAR, MACDONALD & CO.
Chief Commissioner Assistant Chief Commissioner Commissioner Winnipeg, Manitoba,
26th June 1958. Chartered Accountants, Auditors.

THE CANADIAN WHEAT BOARD

1956-57 Pool Account-Barley

STATEMENT OF OPERATIONS

For the period 1st August 1956 to 9th May 1958

	Bushels	Amount
Barley acquired:		
Purchased from Producers at Board initial prices basis in store Fort William/Port Arthur.....	120,571,573.2	\$ 107,497,937.18
Barley otherwise purchased at Board initial prices basis in store Fort William/Port Arthur.....	13,372.6	11,931.35
Purchased from 1955-56 Pool Account—Barley.....	14,693,129.6	14,639,045.63
	135,278,075.4	\$ 122,148,914.16
Barley sold:		
Completed sales at realized prices basis in store Fort William/Port Arthur..	134,282,142.6	135,450,455.67
Sales to 1957-58 Pool Account—Barley.....	904,692.3	888,223.07
Weight losses in drying.....	31,240.5	—
	135,278,075.4	136,318,678.74
Surplus on barley transactions.....		14,169,764.58
Deduct: Carrying costs, interest, administrative and general expenses, etc.:		
Carrying charges:		
Carrying charges on barley stored in country elevators.....		\$ 5,054,760.77
Storage on barley stored in terminal elevators.....		1,569,827.26
Interest and bank charges.....		6,624,588.03
Freight recovered on shipments of barley to Pacific Coast for export ..		19,038.12
Diversion charges on shipments of barley to Pacific Coast ports for export		(957,342.47)
Drying charges.....		198,982.08
Brokerage and Cleaning Association charges.....		49,863.26
Administrative and general expenses up 9th May 1958.....		10,054.23
		522,021.65
Surplus on operations of the Board on the 1956-57 Pool Account—Barley, for the period 1st August 1956 to 9th May 1958.....		6,467,204.90
		\$ 7,702,559.68

This is the Statement of Operations which is referred to
in our report of this date attached hereto.

MILLAR, MACDONALD & CO.
Chartered Accountants,
Auditors.

W. C. McNAMARA, W. RIDDEL, W. E. ROBERTSON, Winnipeg, Manitoba,
Chief Commissioner Assistant Chief Commissioner Commissioner 26th June 1958.

The CHAIRMAN: Gentlemen, I think that finishes the supplementary report. We will refer back to the report of the Canadian Wheat Board. Mr. McNamara informs me that it is more or less a duplication of the supplementary report.

Mr. THOMAS: Well, Mr. Chairman, as it was explained yesterday the supplementary report is more up to date than the original report.

The CHAIRMAN: I will ask Mr. McNamara to comment on that.

The WITNESS: The supplementary report, gentlemen, is the final accounting of the pool that we have been referring to. In the annual report these are the financial statements as at July 31 last and we have now dealt with the final closing out of these pools. I suggest, sir, that possibly you will want to at least approve these financial statements as contained in the regular report.

The CHAIRMAN: Gentlemen, we will turn back to part II, financial statements, page 23 of the annual report. Any comments on the financial statements or shall we take them as read?

PART II

FINANCIAL STATEMENTS

The financial statements of The Canadian Wheat Board for the crop year ended July 31, 1957 are presented in this section of the Report. They consist of a Consolidated Balance Sheet (Exhibit I) which sets forth the financial position of the Board as at the foregoing date, together with other statements showing the result of Board operations to the close of the crop year, all as tabulated in the index preceding the financial statements and as discussed in Part I of this Report.

Due to the large volume of grain remaining unsold in the 1956-57 Pool Accounts for wheat, oats and barley, it was decided that it would be advisable to defer the closing of these accounts and hence none of these accounts have been finalized as at the date of this Report.

CONSOLIDATED BALANCE SHEET

The consolidated financial position of The Canadian Wheat Board as at July 31, 1957 is set forth in Exhibit I. With respect to some of the items appearing in the Consolidated Balance Sheet the following comments are submitted.

Stocks of Grain—\$632,470,721.62

WHEAT STOCKS—\$558,771,536.11

As at July 31, 1957 the total stocks of wheat held by the Board amounted to 419,139,154.0 bushels. Of this amount 52,758,653.2 bushels had been sold at established prices, but were undelivered at the year-end date. These stocks have been valued at contract prices and provision has been made for carrying charges to date of delivery. The remaining inventory of wheat amounting to 366,380,500.8 bushels consists of the following:

Balance of stocks transferred from the

1955-56 Pool Account:

Unsold stocks	57,750,756.7	
Stocks which have been sold, but on a		
deferred price basis	2,639,509.8	60,390,266.5

Balance of purchase from producers on the

1956-57 Pool Account:

Unsold stocks	302,442,642.3	
Stocks which have been sold, but on a deferred price basis	2,654,073.6	
	<hr/>	
	305,096,715.9	
Net bushels acquired from the adjustments of overages and shortages, etc., at country and terminal elevators on the 1956-57 Pool Account	898,653.8	
	<hr/>	
	305,995,369.7	
Less: Weight losses in transit and in drying	5,135.4	305,990,234.3
	<hr/>	
		<u>366,380,500.8</u>

These stocks were in store country elevators, in store terminal elevators and mills, in transit and in the custody of Agents. In accordance with accepted accounting practice and consistent with the procedure followed in previous crop years this portion of the inventory has been valued at cost. With respect to the balance of stocks of 60,390,266.5 bushels transferred from the 1955-56 Pool Account as at May 3, 1957 and which were still on hand as at July 31, 1957, including those stocks sold on a deferred price basis, cost is the price at which the transfer of unsold stocks from the 1955-56 Pool Account was made; namely, basis \$1.64 per bushel for No. 1 Manitoba Northern Wheat in store Fort William/Port Arthur or Vancouver, less an allowance of 4 cents to 7 cents per bushel depending on the grade, for subsequent market risk. Relevant to the item in the inventory of 305,990,234.3 bushels, cost is the Board's initial price paid to producers for the 1956-57 Crop Year which was \$1.40 per bushel basis No. 1 Manitoba Northern Wheat in store Fort William/Port Arthur or Vancouver.

Stocks in the custody of Agents represent wheat previously invoiced to Agents of the Board and for which the Board will receive a final accounting in respect to the ultimate disposition of these stocks. The Board receives an advance from its Agents for wheat invoiced on a provisional price basis and, as at July 31, 1957 this advance was \$1.70 per bushel basis No. 1 Manitoba Northern Wheat in store Fort William/Port Arthur or Vancouver. As at July 31, 1957 advances received by the Board from its Agents totalled \$133,207,493.48 as shown in Exhibit I. Effective August 1, 1957, the advance receivable by the Board from its Agents, excluding mills, was reduced from \$1.70 per bushel to \$1.40 per bushel basis No. 1 Manitoba Northern Wheat in store Fort William/Port Arthur or Vancouver. With respect to stocks invoiced on a provisional price basis to mills and also effective from August 1, 1957, the advance was reduced from \$1.70 per bushel to \$1.60 per bushel basis No. 1 Manitoba Northern Wheat in store Fort William/Port Arthur or Vancouver.

OATS AND BARLEY STOCKS—\$73,699,185.51

Stocks of oats and barley held by the Board as at July 31, 1957 and which were in store country and terminal elevators and in transit amounted to 47,153,317.5 bushels and 50,715,887.8 bushels respectively. Of these amounts 367,195.6 bushels of oats and 3,867,910.4 bushels of barley had been sold at established prices, but were undelivered at the year-end date. These stocks have been valued at contract prices. The balance of the coarse grain inventories

amounting to 46,786,121.9 bushels of oats and 46,847,977.4 bushels of barley was comprised of the following:

	Oats	Barley
Balance of stocks transferred from the 1955-56		
Pool Account	1,779,820.8	1,862,961.8
Balance of purchases from producers on the		
1956-57 Pool Account	45,006,323.3	44,988,238.9
Stocks acquired from other than producers	61.5	7,379.1
	46,786,205.6	46,858,579.8
Less: Weight losses in transit and in drying	83.7	10,602.4
	46,786,121.9	46,847,977.4

In accordance with accepted accounting practice these portions of the inventories of oats and barley have been valued at cost. With respect to the balance of the oats and barley stocks amounting to 1,779,820.8 bushels and 1,862,961.8 bushels transferred from the 1955-56 Pool Accounts on the respective dates of November 16, 1956 and November 2, 1956 and which were still on hand as at July 31, 1957, cost is the price at which the transfers from the 1955-56 Pool Accounts were made. In the case of oats this price was 80 $\frac{3}{4}$ cents per bushel basis No. 2 Canada Western Oats in store Fort William/Port Arthur and in the case of barley the price was \$1.13 per bushel basis No. 3 Canada Western Six-Row Barley in store Fort William/Port Arthur. With respect to the balance of the unsold inventories of oats and barley of 45,006,301.1 bushels and 44,985,015.6 bushels respectively, cost is the Board's initial price paid to producers for oats and barley in the 1956-57 Crop Year. For oats this price was 65 cents per bushel basis No. 2 Canada Western Oats in store Fort William/Port Arthur and for barley 96 cents per bushel basis No. 3 Canada Western Six-Row Barley in store Fort William/Port Arthur.

Accounts Receivable—\$2,020,231.87

This item consists principally of amounts due from Agents of the Board in respect to sales which had been completed as at July 31, 1957, but for which final accountings were not received until subsequent to that date and forwarding charges recoverable in respect to stocks of wheat held by the Board in store Atlantic Seaboard Ports. The balance of this amount comprises sundry accounts payable to the Board which were not collected until subsequent to the year-end date.

Grain Trade Memberships—\$21,225.32

The Canadian Wheat Board owns ten memberships in the Winnipeg Grain Exchange, one in the Vancouver Grain Exchange, one in the Winnipeg Grain and Produce Exchange Clearing Association Limited and one in the Lake Shippers' Clearance Association. These memberships are stated at cost less recorded dividends to July 31, 1957.

The Canadian Wheat Board Building, at cost less depreciation—\$364,200.00

Under the authority of Order in Council P.C. 146/2800 the Board purchased The Canadian Wheat Board Building on August 31, 1946 at a cost of \$450,000.00 for the land and buildings.

In accordance with instructions received from the Government of Canada the Board paid to the City of Winnipeg and the City of Calgary grants of \$34,725.59 and \$667.66 respectively, in lieu of realty and business taxes on the Canadian Wheat Board Building and on

premises rented by the Board in the City of Winnipeg and in lieu of business taxes on premises rented by the Board in the City of Calgary but without admitting any liability for such taxes. These grants totalled \$35,393.25 and of this amount \$20,646.07 has been applied to Board operations for the period from January 1, 1957 to July 31, 1957. The balance of \$14,747.18 has been deferred and will be charged to the operations of the Board for the 1957-58 Crop Year. This latter figure is included in the item of \$30,000.63 as shown in the Consolidated Balance Sheet. Depreciation has been provided on the Canadian Wheat Board Building for the year ended July 31, 1957 at the rate of 2% per annum amounting to \$7,800.00. The amounts for depreciation and taxes \$7,800.00 and \$20,646.07 are included in the item of \$229,916.31 as shown in Exhibit VII.

Banks Loans—\$86,935,362.07

During the crop year under review payments were made to producers involving a cash distribution of \$102,679,939.75 consisting of the following:

INTERIM PAYMENTS

1955-56 Pool Account—Wheat ...	\$37,339,123.87
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FINAL PAYMENTS

1955-56 Pool Account—Wheat	\$41,953,923.81	
1955-56 Pool Account—Oats	8,169,672.90	
1955-56 Pool Account—Barley ..	15,217,219.17	65,340,815.88

	\$102,679,939.75
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At the commencement of the crop year Board borrowings from the Chartered Banks amounted to \$37,017,575.45 and during the 1956-57 Crop Year the Board's cash requirements remained at a high level in order to carry abnormally large stocks of wheat, oats and barley, to distribute payments to producers and to meet current operating expenses. During December, 1956 and the early part of January, 1957 the Board's cash position improved to the point where for brief periods during this interval the Board reverted to the position of a depositor with the Chartered Banks. Otherwise throughout the balance of the 1956-57 Crop Year the Board remained in a borrowing position with the Chartered Banks. Board borrowings from the Chartered Banks reached a maximum of \$93,977,325.17 on July 9, 1957 but declined to \$86,935,362.07 at the year-end date. The interest rate in effect as at July 31, 1957 on Board loans from Chartered Banks was 4% per annum.

On April 23, 1956 the representatives of the Chartered Banks approached the Board to open negotiations for an increase in the interest rate paid by the Board on its direct borrowings from the Chartered Banks and in the interest rate paid by Grain Companies on bank loans secured by grain held by them for the account of the Board. The negotiations continued until August 3, 1956 on which date the Board with the approval of the Government of Canada accepted an increase in interest rates of $\frac{1}{4}$ of 1% per annum, effective as from August 6, 1956. Effective from the foregoing date, therefore, the interest rate paid by the Board on its direct borrowings from the Chartered Banks was increased from 3% to $3\frac{1}{4}$ % per annum and the interest rate paid by Grain Companies on bank loans secured by grain held by them for the account of the Board was increased from $3\frac{3}{4}$ % to 4% per annum.

Subsequently on October 16, 1956 the representatives of the Chartered Banks again approached the Board to open negotiations for a further increase in interest rates. After considerable negotiations with the Banks' representatives and consultation with the Government of Canada interest rates were again increased by $\frac{1}{2}$ of 1% per annum. Therefore, effective from October 24, 1956,

the interest from the Chartered Banks was increased from $3\frac{1}{4}\%$ to $3\frac{3}{4}\%$ per annum and the interest rate paid by Grain Companies on bank loans secured by grain held by them for the account of the Board was increased from 4% to $4\frac{1}{2}\%$ per annum.

On February 7, 1957 the Chartered Banks approached the Board requesting that interest rates be increased by an additional $\frac{1}{4}$ of 1% per annum. After negotiations with the representatives of the Chartered Banks and consultation with the Government of Canada the Board accepted the proposed increase in interest rates of $\frac{1}{4}$ of 1% per annum. Therefore, effective as from March 1, 1957, the rate of interest paid by the Board on its direct borrowings from the Chartered Banks was increased from $3\frac{3}{4}\%$ to 4% per annum and the rate of interest paid by Grain Companies on bank loans secured by grain held by them for the account of the Board was increased from $4\frac{1}{2}\%$ to $4\frac{3}{4}\%$ per annum.

Again on August 21, 1957 the representatives of the Chartered Banks approached the Board to open negotiations for still a further increase in interest rates. After negotiations with the Banks' representatives lasting to October 2, 1957, and after consultation with the Government of Canada, the Board accepted an increase in interest rates of $\frac{1}{4}$ to 1% per annum. The interest rate to be paid by the Board on its direct borrowings from the Chartered Banks was increased from 4% to $4\frac{1}{4}\%$ per annum and became effective as from September 3, 1957. The interest rate paid by Grain Companies on loans secured by grain held by them for the account of the Board was increased from $4\frac{3}{4}\%$ to 5% per annum, effective as from October 7, 1957. These revised interest rates of $4\frac{1}{4}\%$ and 5% per annum are the rates in effect at the date of this Report.

Liability to Agents—\$391,012,238.21

Grain Companies acting in the capacity of Agents of the Board accept deliveries from producers at country elevators and on behalf of the Board pay the producers basis the Board's initial price in effect. Settlement is not made by the Board for these purchases until delivery to the Board is completed by its Agents at terminal or mill position. Liability to Agents amounting to \$391,012,238.21 represents the amount payable by the Board to its Agents for purchases of wheat, oats and barley from producers at country elevator points to July 31, 1957 for which delivery to and settlement by the Board will be completed subsequent to the year-end date.

Amounts Due to producers

ADJUSTMENT PAYMENTS

There were no adjustment payments authorized on the 1956-57 Pool Accounts for wheat, oats and barley, but in respect to adjustment payments which had been authorized on previous pool accounts there was still outstanding as at July 31, 1957 the sum of \$620,865.69 consisting of the following:

	Outstanding Certificates	Outstanding Cheques	Total
WHEAT			
Balance payable on the three adjustment payments au- thorized on the 1945-49 Pool Account	\$559,691.74	\$41,175.02	\$600,866.76
1950-51 Pool Account		3,978.32	3,978.32
1951-52 Pool Account		4,953.69	4,953.69
1952-53 Pool Account		3,598.99	3,598.99
	<u>559,691.74</u>	<u>53,706.02</u>	<u>613,397.76</u>

COARSE GRAINS

1950-51 Pool Account—Oats.	795.63	795.63
1950-51 Pool Account—Barley	1,126.56	1,126.56
1951-52 Pool Account—Barley	627.19	627.19
1952-53 Pool Account—Barley	1,202.55	1,202.55
1954-55 Pool Accounts—Oats	1,640.89	1,640.89
1954-55 Pool Account—Barley	2,075.11	2,075.11
	<u>7,467.93</u>	<u>7,467.93</u>

Total amount payable on adjustment payments —
wheat and coarse grains

\$559,691.74 \$61,173.95 \$620,865.69

In the period from August 1, 1957 to December 31, 1957 the Board paid \$6,077.08 in respect to the above liability of \$620,865.69.

INTERIM PAYMENTS

In the crop year under review an interim payment was authorized on the 1955-56 Pool Account for wheat in accordance with the provisions of Section 26(3) of the Canadian Wheat Board Act and Order in Council P.C. 1957-190, February 7, 1957. The payment applied to deliveries of wheat by producers on the 1955-56 Pool Account in the period from August 1, 1955 to July 31, 1956 and amounted to \$37,339,123.87. As at July 31, 1957 there was still outstanding the sum of \$313,749.84 in respect to this and other interim payments and this amount consisted entirely of cheques in the hands of producers which had not been presented to the Board for payment. The detail of the amount outstanding is as follows:

	Outstanding Cheques
1952-53 Pool Account	\$ 8,703.50
1953-54 Pool Account	9,255.24
1954-55 Pool Account	14,424.50
1955-56 Pool Account	281,366.60
	<u>\$313,749.84</u>

During the period from August 1, 1957 to December 31, 1957 the Board paid \$200,370.06 in respect to the above liability of \$313,749.84.

FINAL PAYMENTS

Amounts due to producers on outstanding participation certificates and cheques with respect to final payments on the undernoted accounts are as follows:

WHEAT	Outstanding Certificates	Outstanding Cheques	Total
1945-49 Pool Account	\$335,260.89	\$ 44,533.18	\$ 379,794.07
1950-51 Pool Account		10,859.03	10,859.03
1951-52 Pool Account		10,447.14	10,447.14
1952-53 Pool Account		9,765.10	9,765.10
1953-54 Pool Account		10,969.02	10,969.02
1954-55 Pool Account		42,719.18	42,719.18
1955-56 Pool Account		1,337,013.36	1,337,013.36
	<u>335,260.89</u>	<u>1,466,306.01</u>	<u>1,801,566.90</u>

	Outstanding Certificates	Outstanding Cheques	Total
COARSE GRAINS			
1949-50 Pool Account—			
Oats		\$4,061.42	\$4,061.42
1949-50 Pool Account—			
Barley		3,946.50	3,946.50
1950-51 Pool Account—			
Oats		3,136.93	3,136.93
1950-51 Pool Account—			
Barley		2,209.01	2,209.01
1951-52 Pool Account—			
Oats		4,565.62	4,565.62
1951-52 Pool Account—			
Barley		1,877.34	1,877.34
1952-53 Pool Account—			
Oats		1,742.01	1,742.01
1952-53 Pool Account—			
Barley		4,862.42	4,862.42
1953-54 Pool Account—			
Oats		2,712.92	2,712.92
1953-54 Pool Account—			
Barley		2,731.92	2,731.92
1954-55 Pool Account—			
Oats		3,821.55	3,821.55
1954-55 Pool Account—			
Barley		5,236.34	5,236.34
1955-56 Pool Account—			
Oats		31,551.00	31,551.00
1955-56 Pool Account—			
Barley		40,834.37	40,834.37
		<u>113,289.35</u>	<u>113,289.35</u>
Total amount payable on final			
 payments—wheat and			
 coarse grains			
	<u>\$335,260.89</u>	<u>\$1,579,595.26</u>	<u>\$1,914,856.25</u>

During the period from August 1, 1957 to December 31, 1957 the Board paid \$1,224,275.41 in respect to the above liability of \$1,914,856.25.

Accrued Expenses and Accounts Payable—\$9,513,967.39

This item comprises in the main accrued carrying charges, storage and interest charges to July 31, 1957 together with sundry accounts which were unpaid as at the year-end date.

*Special Account—Net Balance of Undistributed
Payment Accounts—\$715,946.65*

In accordance with the provisions of Section 29A of the Canadian Wheat Board Act the Board was authorized with the approval of the Governor in Council to transfer to a Special Account the balances remaining in specific payment accounts and to use these funds for such purposes as the Governor in Council upon the recommendation of the Board considers to be for the benefit

of producers. The following summary sets forth the details of transactions affecting the Special Account for the crop year under review:

Balance of the Special Account as at July 31, 1956				\$775,729.95
(During the crop year under review there were no transfers to the Special Account under the authority of Section 29A of the Canadian Wheat Board Act)				
Less: Expenditures authorized under the provisions of Section 29A(2) of the Canadian Wheat Board Act and the following Orders in Council:				
Order in Council P.C. 1954-956, June 24, 1954				
Total authorization—\$135,000.00				
Unexpended July 31, 1956..		\$ 4,491.76		
Less: Unexpended July 31, 1957		Nil	\$ 4,491.76	
Order in Council P.C. 1955-1607, October 26, 1955				
Total authorization—\$75,000.00				
Unexpended July 31, 1956..		52,331.14		
Less: Unexpended July 31, 1957		1,246.32	51,084.82	
Order in Council P.C. 1956-1156, July 26, 1956				
Total authorization		15,000.00		
Less: Unexpended July 31, 1957		10,793.28	4,206.72	59,783.30
Balance of the Special Account as at July 31, 1957				\$715,946.65

STATEMENTS OF OPERATIONS

Wheat Division—1956-57 Pool Account—Exhibit II

As at July 31, 1957 stocks of wheat remaining unsold in the 1956-57 Pool Account and stocks of wheat which had been sold, but on a deferred price basis amounted to 366,380,500.8 bushels.

In accordance with accepted accounting practice and consistent with the basis of valuation adopted for previous fiscal years this inventory for purposes of the Board's accounts as at July 31, 1957 has been valued at cost. Included in the inventory figure of 366,380,500.8 bushels is an amount of 60,390,266.5 bushels which was the balance of the stocks transferred from the 1955-56 Pool Account as at May 3, 1957 and which were still on hand as at July 31, 1957. In respect to this item in the inventory cost is the price at which the transfer from the 1955-56 Pool Account was made; namely, basis \$1.64 per bushel for No. 1 Manitoba Northern Wheat in store Fort William/Port Arthur or Vancouver, less an allowance of 4 cents to 7 cents per bushel depending on grade for subsequent market risk. Relevant to the balance of the inventory amounting to 305,990,234.3 bushels, cost is the initial price paid to producers in the 1956-57 Crop Year which was \$1.40 per bushel basis No. 1 Manitoba Northern Wheat in store Fort William/Port Arthur or Vancouver.

Included in the operating results on the 1956-57 Pool Account to July 31, 1957 is an amount of \$7,881,023.22 representing a portion of the carrying charges received from the Government of Canada during the 1956-57 Crop Year under the provisions of the Temporary Wheat Reserves Act. The total carrying charges received under this legislation for the 1956-57 Crop Year amounted to \$28,816,765.80. The Board recommended and the Governor in Council approved by Order in Council P.C. 1957-692, May 20, 1957 that these carrying charges be allocated as follows:

1955-56 Pool Account—Wheat	\$20,935,742.58
1956-57 Pool Account—Wheat	7,881,023.22
	<hr/>
	<u>\$28,816,765.80</u>

During the 1957-58 Crop Year the Board will receive from the Government of Canada \$35,553,508.64 for carrying charges under the provisions of the Temporary Wheat Reserves Act and this amount will be allocated between the 1956-57 Pool Account for Wheat and the 1957-58 Pool Account for Wheat. At the date of this Report this allocation had not been determined.

In terms of the foregoing and on the basis of the valuation of the inventory, but without provisions for carrying costs, interest, administrative expenses, etc., beyond the close of the fiscal year the operations of the Board on the 1956-57 Pool Account—Wheat to July 31, 1957 showed a credit balance of \$3,255,754.89. This credit balance should not be viewed as the final result of marketing operations on the 1956-57 Pool Account.

Oats and Barley Division—Exhibits III and IV

Under the authority of the Canadian Wheat Board Act and Order in Council P.C. 1956-884, June 7, 1956 the Board was authorized to purchase from producers during the 1956-57 Crop Year oats and barley produced in the designated area and to pay to producers a fixed initial price of 65 cents per bushel for No. 2 Canada Western Oats and a fixed initial price of 96 cents per bushel for No. 3 Canada Western Six-Row Barley, both prices basis in store Fort William/Port Arthur. As at July 31, 1957 stocks of oats and barley remaining unsold in the 1956-57 Pool Accounts amounted to 46,786,121.9 bushels and 46,847,977.4 bushels respectively.

In accordance with accepted accounting practice these inventories for purposes of the Board's accounts at July 31, 1957 have been valued at cost. Included in the inventories of oats and barley are 1,779,820.8 bushels of oats and 1,862,961.8 bushels of barley which were the balances of the stocks of oats and barley transferred from the 1955-56 Pool Accounts on November 16, 1956 and November 2, 1956 respectively, and which were still on hand as at July 31, 1957. In respect to these portions of the oats and barley inventories cost is the price at which the transfers from the 1955-56 Pool Accounts were made. For oats this price was 80 $\frac{3}{4}$ cents per bushel basis No. 2 Canada Western Oats in store Fort William/Port Arthur and for barley this price was \$1.13 per bushel basis No. 3 Canada Western Six-Row Barley in store Fort William/Port Arthur. Relevant to the balance of the oats and barley inventories amounting to 45,006,301.1 bushels and 44,985,015.6 bushels respectively cost is the Board's initial price paid to producers for oats and barley in the 1956-57 Crop Year.

With respect to oats this price was 65 cents per bushel basis No. 2 Canada Western Oats in store Fort William/Port Arthur and with respect to barley this price was 96 cents per bushel basis No. 3 Canada Western Six-Row Barley in store Fort William/Port Arthur.

On the basis of the valuation of the inventories, but without provisions for carrying costs, interest, administrative expenses, etc., beyond the close of the fiscal year the operations of the Board on the 1956-57 Pool Accounts for oats and barley to July 31, 1957 showed a debit balance on oats of \$2,188,200.80 and a credit balance on barley of \$8,980,718.34. These results should not be viewed as the final results of marketing operations on the 1956-57 Pool Accounts for oats and barley.

Schedule of Administrative and General Expenses—Exhibit VII

The total expenditures under this heading for the crop year under review amounted to \$3,036,199.39 comprising expenses applicable to the Board's offices at Winnipeg, Calgary, Vancouver, Montreal, London (England) and Rotterdam (Netherlands). Details of these expenditures and the allocations to Board operations are set forth in Exhibit VII.

The Report of the Board's Auditors for the year ended July 31, 1957 is contained in Part III of this Report.

In this Report and in the financial statements we have endeavoured to describe the administration of policy with respect to wheat, oats and barley for the year ended July 31, 1957.

In conclusion we would like to record our appreciation for the loyal and conscientious service rendered by the officers and staff of the Board.

All of which is respectfully submitted,

GEO. McIVOR

Chief Commissioner

W. C. McNAMARA

Assistant Chief Commissioner

W. RIDDEL

Commissioner

W. E. ROBERTSON

Commissioner

The CHAIRMAN: Then we have exhibits 1 to 7 in the centre of your book, page 32. Shall we take them as read?

THE CANADIAN WHEAT BOARD
INDEX TO FINANCIAL STATEMENTS

31 July 1957

- Exhibit I. Consolidated Balance Sheet.*
- Exhibit II. Statement of Operations, 1956-57 Pool Account—Wheat.*
- Exhibit III. Statement of Operations, 1956-57 Pool Account—Oats.*
- Exhibit IV. Statement of Operations, 1956-57 Pool Account—Barley.*
- Exhibit V. Statement of Payments to Producers.*
- Exhibit VI. Statement of Provisions for Final Payment Expenses.*
- Exhibit VII. Schedule of Administrative and General Expenses and Allocations to Operations for the year ended 31 July, 1957.*

THE CANADIAN WHEAT BOARD
CONSOLIDATED BALANCE SHEET
As at 31st July 1957

ASSETS		LIABILITIES	
Stock of grain:		Bank loans.....	\$ 86,935,362.07
Wheat stocks—stated at contract prices		Liability to Agents for grain purchased from	
basis in store Fort William/Port Arthur,		Producers but not yet delivered to the	
Vancouver or Churchill.....	\$ 81,886,891.83	Board.....	391,012,238.21
Wheat stocks—stated at cost prices basis		Advances received on Agency wheat stocks	133,207,493.48
in store Fort William/Port Arthur or			
Vancouver.....	476,834,644.28	Amounts due to Producers:	
Oats stocks—stated at contract prices		Outstanding certificates and cheques:	
basis in store Fort William/Port Arthur	242,415.33	Balance of adjustment	
Oats stocks—stated at cost prices basis in		payments	\$ 613,397.76
store Fort William/Port Arthur.....	28,519,262.02	—Wheat.....	7,467.93
Barley stocks—stated at contract prices		Balance of interim	
basis in store Fort William/Port Arthur	3,975,530.53	payments	313,749.84
Barley stocks—stated at cost prices basis		Balance of final	
in store Fort William/Port Arthur.....	40,961,977.63	payments	1,801,566.90
Accounts receivable.....		—Wheat.....	113,289.35
Member-ships—In the Winnipeg and Van-		—Coarse Grains	
couver Grain Exchanges, the Winnipeg			
Grain and Produce Exchange Clearing		Accrued expenses and accounts payable....	2,849,471.78
Association Limited and the Lake			9,513,967.39
Shippers' Clearance Association.....	21,225.32	Provisions for final payment expenses.....	731,939.26
The Canadian Wheat Board Building,		Special Account—net balance of undistri-	
Winnipeg, at cost less depreciation.....	364,200.00	buted payment accounts.....	715,946.65
Deferred and prepaid expenses.....	30,000.63	Credit balance—1956-57 Pool Account—	
Office furniture, equipment and automobiles,		Wheat.....	3,255,754.89
at cost less depreciation.....	108,311.83	Credit balance—1956-57 Pool Account—	
Debit balance—1956-57 Pool Account—Oats		Barley.....	8,980,718.34
	2,188,200.80		
	\$637,202,892.07		\$637,202,892.07

This is the Consolidated Balance Sheet which is referred to in our report of this date.

Approved:
GEO. McIVOR,

This is the Consolidated Balance Sheet which is referred to in our report of this date.

MILLAR, MACDONALD & CO.
Chartered Accountants,
Auditors.

Winnipeg, Manitoba,
31st January 1958.

Exhibit II

THE CANADIAN WHEAT BOARD

1956-57 Pool Account-Wheat

STATEMENT OF OPERATIONS

For the crop year ended 31st July 1957

	Bushels	Amount
Wheat acquired:		
Purchased from Producers at Board initial prices basis in store Fort William		
/Fort Arthur or Vancouver.....	361,358,564.2	\$446,884,699.02
Net bushels acquired from the adjustment of overages and shortages, etc.,		
at country and terminal elevators at Board initial prices basis in store		
Fort William/Port Arthur or Vancouver.....	898,653.8	1,168,760.91
Purchased from 1955-56 Pool Account—Wheat.....	157,142,237.3	244,067,194.97
	519,399,455.3	\$692,120,654.90
Wheat sold:		
Completed sales at realized prices basis in store Fort William/Port Arthur		
or Vancouver:		
Domestic.....	17,874,598.2	
Export sales at Class II prices.....	68,379,086.3	
Export sales under the terms of the International Wheat Agreement...	14,001,481.4	
Weight losses in transit and in drying.....	5,135.4	
	100,260,301.3	\$156,691,485.23
Uncompleted sales at contract prices basis in store Fort William/Port		
Arthur, Vancouver or Churchill:		
Domestic.....	14,021,432.8	
Export sales at Class II prices.....	34,346,648.6	
Export sales under the terms of the International Wheat Agreement...	4,390,571.8	
	52,758,653.2	81,886,891.83
Stocks of wheat—stated at cost prices basis in store Fort William/Port Arthur		
or Vancouver.....	366,380,500.8	476,884,644.28
Surplus on wheat transactions.....	519,399,455.3	715,463,021.34
		23,342,366.44

Deduct: Carrying costs, interest, administrative and general expenses, etc:

Carrying charges:

Carrying charges on wheat stored in country elevators.....
Storage on wheat stored in terminal elevators.....
Net interest paid to agents on agency wheat stocks.....

20,615,521.15
3,445,241.01
1,698,267.48

Less: Carrying charges received under the Temporary Wheat
Reserves Act.....

25,759,029.64
7,881,023.22

17,878,006.42

Bank interest, exchange and bank charges less net interest recovered
from other Board accounts.....

870,398.72

Net additional freight on wheat shipped from country stations to
terminal positions.....

179,945.46

Handling, stop-off and diversion charges on wheat warehoused at
interior terminals.....

111,046.48

Drying charges.....

8,946.09

Administrative and general expenses to 31st July 1957.....

1,038,268.38

20,086,611.55

Credit balance in the 1956-57 Pool Account—Wheat, as at 31st July, 1957, after
valuing stocks of wheat on hand at cost prices basis in store Fort William/
Port Arthur or Vancouver.....

\$ 3,255,754.89

Exhibit III

THE CANADIAN WHEAT BOARD

1956-57 Pool Account-Oats

STATEMENT OF OPERATIONS

For the crop year ended 31st July 1957

	Bushels	Amount
Oats required:		
Purchased from Producers at Board initial prices basis in store Fort William/Port Arthur.....	69,049,273.6	\$41,797,607.15
Oats otherwise purchased at Board initial prices basis in store Fort William/Port Arthur.....	61.5	33.48
Purchased from 1955-56 Pool Account—Oats.....	10,523,170.3	7,585,257.90
		<u>\$49,382,898.53</u>
Oats sold: ¹		
Completed sales at realized prices basis in store Fort William/Port Arthur.....	32,419,104.2	22,578,814.36
Weight losses in drying.....	83.7	—
Uncompleted sales at contract prices basis in store Fort William/Port Arthur.....	367,195.6	242,415.33
Stocks of oats—stated at cost prices basis in store Fort William/Port Arthur.....	46,786,121.9	28,519,262.02
		<u>51,340,491.71</u>
Surplus on oats transactions.....		<u>1,957,593.18</u>
Deduct: Carrying costs, interest, administrative and general expenses, etc:		
Carrying charges:		
Storage on oats stored in country elevators.....		\$ 3,597,866.60
Storage on oats stored in terminal elevators.....		228,460.75
Interest and bank charges.....		<u>3,826,327.35</u>
Freight recovered on shipments of oats to Vancouver for export.....		91,249.12
Drying charges.....		(441.33)
Brokerage and Clearing Association charges.....		134.34
Administrative and general expenses to 31st July 1957.....		7,495.77
		<u>221,028.73</u>
		<u>4,145,763.98</u>
stocks of oats on hand at cost prices basis in store Fort William/Port Arthur.....		<u>\$ 2,188,200.80</u>

¹Excluding open future sales contracts of 4,975,000 bushels of October oats adjusted to the market close as at 31st July 1957.

THE CANADIAN WHEAT BOARD

1956-57 Pool Account-Barley

STATEMENT OF OPERATIONS

For the crop year ended 31st July 1957

	Bushels	Amount
Barley acquired:		
Purchased from Producers at Board initial prices basis in store Fort William/Port Arthur.....	120,571,265.0	\$ 107,497,614.10
Barley otherwise purchased at Board initial prices basis in store Fort William/Port Arthur.....	7,379.1	7,078.52
Purchased from 1955-56 Pool Account—Barley.....	14,693,129.6	14,639,045.63
		\$ 122,143,738.25
Barley sold: ¹		
Completed sales at realized prices basis in store Fort William/Port Arthur...	84,545,283.5	89,856,848.14
Weight losses in drying.....	10,602.4	3,975,530.53
Uncompleted sales at contract prices basis in store Fort William/Port Arthur...	3,867,910.4	
Stocks of barley—stated at cost prices basis in store Fort William/Port Arthur..	46,847,977.4	134,794,356.30
Surplus on barley transactions.....		12,650,618.05
Deduct: Carrying costs, interest, administrative and general expenses, etc:		
Carrying charges:		
Carrying charges on barley stored in country elevators.....		\$ 2,793,139.98
Storage on barley stored in terminal elevators.....		820,600.62
Interest and bank charges.....		3,613,740.60
Freight recovered on shipments of barley to Pacific Coast ports for export		46,980.59
Diversion charges on shipments of barley to Pacific Coast ports for export		(543,129.75)
Drying charges.....		98,645.98
Brokerage and Clearing Association charges.....		17,311.55
Administrative and general expenses to 31st July 1957.....		3,541.91
		432,808.83
		3,669,899.71
Credit balance in the 1956-57 Pool Account—Barley, as at 31st July 1957 after valuing stocks of barley on hand at cost prices basis in store Fort William/Port Arthur.....		\$ 8,980,718.34

¹Excluding open futures purchase contracts of 248,000 bushels of October barley adjusted to the market close as at 31st July 1957.

Exhibit V

THE CANADIAN WHEAT BOARD
STATEMENT OF PAYMENTS TO PRODUCERS

As at 31st July 1957

Adjustment Payments:		Total Amounts Payable to Producers	Cheques Cashied by Producers to 31st July 1957	Balances Payable to Producers as at 31st July 1957
Wheat:				
1945-49 Pool Account.....		\$ 388,564,142.91	\$ 387,963,276.15	\$ 600,866.76
1950-51 Pool Account.....		49,629,262.54	49,625,284.22	3,978.32
1951-52 Pool Account.....		47,681,245.77	47,676,292.08	4,953.69
1952-53 Pool Account.....		61,124,386.63	61,120,787.64	3,598.99
		546,999,037.85	546,385,640.09	613,397.76
Coarse Grains:				
1950-51 Pool Account—Oats.....		5,707,963.15	5,707,167.52	795.63
1950-51 Pool Account—Barley.....		11,173,606.63	11,172,480.07	1,126.56
1951-52 Pool Account—Barley.....		13,600,641.70	13,600,014.51	627.19
1952-53 Pool Account—Barley.....		14,467,203.86	14,466,001.31	1,202.55
1954-55 Pool Account—Oats.....		3,241,697.20	3,240,056.31	1,640.89
1954-55 Pool Account—Barley.....		7,900,555.63	7,898,460.52	2,075.11
		56,091,648.17	56,084,180.24	7,467.93
Interim Payments:				
Wheat:				
1952-53 Pool Account.....		63,962,036.83	63,953,333.33	8,703.50
1952-54 Pool Account.....		38,638,704.15	38,629,443.91	9,255.24
1954-55 Pool Account.....		22,261,003.14	22,246,578.64	14,424.50
1955-56 Pool Account.....		37,339,123.87	37,067,757.27	281,366.60
		162,200,867.99	161,887,118.15	313,749.84

Final Payments:

Wheat:

1945-49 Pool Account.....	119,075,039.68	118,695,245.61	379,794.07
1950-51 Pool Account.....	104,933,267.56	104,922,408.53	10,859.03
1951-52 Pool Account.....	114,885,112.68	114,574,665.54	10,447.14
1952-53 Pool Account.....	59,282,438.38	58,272,673.28	9,765.10
1953-54 Pool Account.....	25,411,407.89	25,400,438.87	10,969.02
1954-55 Pool Account.....	39,679,620.35	39,636,901.17	42,719.18
1955-56 Pool Account.....	41,953,923.81	40,616,910.45	1,337,013.36
	503,920,810.35	502,119,243.45	1,801,566.90

Coarse Grains:

1949-50 Pool Account—Oats.....	15,546,322.39	15,542,260.97	4,061.42
1949-50 Pool Account—Barley.....	26,643,973.33	26,640,026.83	3,946.50
1950-51 Pool Account—Oats.....	9,639,421.43	9,636,284.50	3,136.93
1950-51 Pool Account—Barley.....	15,112,054.03	15,109,845.02	2,209.01
1951-52 Pool Account—Oats.....	24,746,253.79	24,741,693.17	4,565.62
1951-52 Pool Account—Barley.....	19,241,174.36	19,239,297.02	1,877.34
1952-53 Pool Account—Oats.....	10,949,996.58	10,948,264.57	1,742.01
1952-53 Pool Account—Barley.....	21,408,203.67	21,403,341.25	4,862.42
1953-54 Pool Account—Oats.....	5,631,130.40	5,628,417.48	2,712.92
1953-54 Pool Account—Barley.....	9,833,495.51	9,830,763.49	2,731.92
1954-55 Pool Account—Oats.....	3,779,605.60	3,775,784.05	3,821.55
1954-55 Pool Account—Barley.....	6,536,611.93	6,531,375.59	5,236.34
1955-56 Pool Account—Oats.....	8,169,672.90	8,138,121.90	31,551.00
1955-56 Pool Account—Barley.....	15,217,219.17	15,176,384.80	40,834.37
	192,455,139.99	192,341,850.64	113,289.35

Total—all Accounts.....

\$1,461,667,504.35

\$1,458,818,032.57

\$2,849,471.78

STANDING COMMITTEE

THE CANADIAN WHEAT BOARD
STATEMENT OF PROVISIONS FOR FINAL PAYMENT EXPENSES
To 31st July 1957

	Original Provisions	Payment Costs and Other Adjustments to 31st July 1956	Payment Costs to Year Ended 31st July 1957	Exchange, Commissions and Adjustments 1956-57 Year	Balance of Original Provisions	Net Interest Credits on Surplus Funds to 31st July 1957	Balance as at 31st July 1957
Wheat:							
1945-49 Pool Account.....	\$ 450,052.01	\$ 550,069.70	\$ 14,469.88	\$ 4,507.04	(\$118,994.61)	\$225,948.24	\$136,953.63
1950-51 Pool Account.....	225,907.74	282,100.12	692.37	2.93	(56,947.68)	50,096.61	(6,851.07)
1951-52 Pool Account.....	262,601.16	271,860.15	743.40	5.76	(10,008.15)	66,345.41	56,337.26
1952-53 Pool Account.....	168,509.10	186,405.08	1,448.84	15.74	(19,388.56)	170,904.90	151,546.34
1953-54 Pool Account.....	139,557.42	106,390.94	5,720.00	54.24	27,392.24	7,513.18	34,905.42
1954-55 Pool Account.....	161,410.82	137,638.16	22,130.01	1,723.31	(80.66)	17,600.92	17,520.26
1955-56 Pool Account.....	159,644.57	—	65,449.49	51,433.99	42,761.09	14,815.04	57,576.13
	1,567,682.82	1,534,524.15	110,651.99	57,743.01	(135,236.33)	583,224.30	447,987.97
Coarse Grains:							
1949-50 Pool Account—Oats.....	81,867.67	60,983.22	22.00	236.14	20,626.31	6,279.48	26,905.79
1949-50 Pool Account—Barley.....	88,713.98	66,470.17	25.26	108.42	22,110.13	7,221.00	29,331.13
1950-51 Pool Account—Oats.....	59,846.99	67,910.55	367.43	.34	(8,431.33)	5,016.04	(3,415.29)
1950-51 Pool Account—Barley.....	63,076.03	67,782.26	374.46	.20	(5,080.89)	6,653.36	1,572.47
1951-52 Pool Account—Oats.....	86,315.60	92,204.09	473.80	.49	(6,362.78)	10,122.48	3,759.70
1951-52 Pool Account—Barley.....	78,000.10	86,404.95	459.80	.23	(8,804.88)	8,217.94	(646.94)
1952-53 Pool Account—Oats.....	74,171.79	68,217.41	700.80	.72	5,252.86	13,763.01	19,015.87
1952-53 Pool Account—Barley.....	90,411.14	90,476.50	926.98	2.40	2,705.26	37,577.90	40,283.16
1953-54 Pool Account—Oats.....	69,995.33	57,127.43	1,953.03	1.39	10,913.48	12,318.40	23,231.88
1953-54 Pool Account—Barley.....	80,287.99	66,431.06	1,983.64	1.91	11,871.33	19,145.08	31,016.41
1954-55 Pool Account—Oats.....	60,307.99	33,754.56	7,860.78	26.87	18,665.78	10,020.83	28,686.61
1954-55 Pool Account—Barley.....	79,903.89	47,354.36	10,041.61	30.81	22,477.11	15,548.31	38,025.42
1955-56 Pool Account—Oats.....	58,293.43	—	36,405.87	10,919.81	10,967.75	4,449.55	15,417.30
1955-56 Pool Account—Barley.....	81,599.80	—	45,416.61	20,297.15	15,886.04	14,881.74	30,767.78
	1,056,491.68	805,116.56	107,012.07	31,626.83	112,736.17	171,215.12	283,951.29
Total—all Accounts.....	\$2,624,174.50	\$2,339,640.71	\$217,664.06	\$89,369.89	(\$22,500.16)	\$754,439.42	\$731,939.26

THE CANADIAN WHEAT BOARD

SCHEDULE OF ADMINISTRATIVE AND GENERAL EXPENSES AND ALLOCATIONS TO OPERATIONS

For the year ended 31st July 1957

Administrative and general expenses:		
Salaries—Board members, officers and staff	\$2,035,693.32	
Unemployment insurance	16,429.53	
Advisory Committee—travelling expenses and per diem allowance	1,013.05	
Rental and lighting of offices, including maintenance of The Canadian Wheat Board Building, Winnipeg	229,916.31	
Telephone—exchange service and long distance calls	42,307.49	
Telegrams and cables	19,549.41	
Postage	66,221.70	
Printing, stationery and supplies	156,471.49	
Office expenses	14,163.06	
Advertising	3,194.29	
Travelling expenses	46,653.11	
Travelling expenses—Inspectors	35,282.81	
Legal fees and court costs	1,821.64	
Audit fees	50,500.00	
Tabulating equipment—rental and sundries	148,456.76	
Repairs and upkeep of office machinery and equipment	5,298.00	
Grain market publications and services	4,655.07	
Bonds and insurance	3,945.45	
Grain Exchange dues	3,120.00	
Express, freight and cartage on stationery, etc.	16,467.29	
Depreciation on furniture, equipment and automobiles	21,207.40	
Contributions to Pension Fund, actuarial and other expenses	113,832.21	
		<u>\$3,036,199.39</u>
Allocations to operations:		
1. Marketing of Producers' grain (including cost of distributing interim and adjustment payments, if any):		
1956-57 Pool Account—Wheat	\$1,038,268.38	
1956-57 Pool Account—Oats	221,028.73	
1956-57 Pool Account—Barley	432,808.83	
1955-56 Pool Account—Wheat	958,198.24	
1955-56 Pool Account—Oats	75,194.78	
1955-56 Pool Account—Barley	93,036.37	
		<u>\$2,818,535.33</u>
2. Distributing final payments to Producers:		
(a) Wheat:		
1955-56 Pool Account	65,449.49	
1954-55 Pool Account	22,130.01	
1953-54 Pool Account	5,720.00	
1952-53 Pool Account	1,446.84	
1951-52 Pool Account	743.40	
1950-51 Pool Account	692.37	
1945-49 Pool Account	14,469.88	
		<u>110,651.99</u>
(b) Coarse Grains:		
1955-56 Pool Account—Oats	36,405.87	
1955-56 Pool Account—Barley	45,416.61	
1954-55 Pool Account—Oats	7,890.78	
1954-55 Pool Account—Barley	10,041.61	
1953-54 Pool Account—Oats	1,953.03	
1953-54 Pool Account—Barley	1,983.64	
1952-53 Pool Account—Oats	700.80	
1952-53 Pool Account—Barley	926.98	
1951-52 Pool Account—Oats	473.80	
1951-52 Pool Account—Barley	459.80	
1950-51 Pool Account—Oats	367.43	
1950-51 Pool Account—Barley	374.46	
1949-50 Pool Account—Oats	22.00	
1949-50 Pool Account—Barley	25.26	
		<u>107,012.07</u>
		<u><u>\$3,036,199.39</u></u>

The CHAIRMAN: Then we have the statistical tables here.

ADDENDA

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TABLE I
ACREAGE OF PRINCIPAL GRAINS IN THE PRAIRIE PROVINCES
1930-1957

Harvest Year	Wheat	Oats	Barley	Rye	Flaxseed	Total
(Thousands of Acres)						
1930.....	23,960	8,286	4,755	1,370	571	38,942
1931.....	25,586	8,279	3,214	733	641	38,453
1932.....	26,395	8,533	3,154	706	454	39,242
1933.....	25,177	8,945	3,032	520	236	37,910
1934.....	23,296	9,115	2,962	619	218	36,210
1935.....	23,293	9,478	3,187	649	297	36,904
1936.....	24,838	8,674	3,724	562	469	38,267
1937.....	24,599	8,579	3,562	808	233	37,781
1938.....	24,946	8,518	3,687	655	202	38,008
1939.....	25,813	8,227	3,607	1,014	288	38,949
1940.....	27,750	7,818	3,622	943	364	40,497
1941.....	21,216	8,204	4,779	844	1,030	36,073
1942.....	20,653	9,528	6,365	1,227	1,510	39,283
1943.....	16,026	11,266	7,682	447	2,955	38,376
1944.....	21,900	9,731	6,535	581	1,191	39,938
1945.....	22,430	9,785	6,516	422	848	40,001
1946.....	23,731	8,470	5,788	643	865	39,497
1947.....	23,357	7,818	7,035	1,124	1,724	41,058
1948.....	22,820	7,516	6,082	2,225	1,880	40,523
1949.....	26,524	7,355	5,617	1,095	290	40,881
1950.....	26,382	7,520	6,205	1,041	541	41,689
1951.....	24,385	8,312	7,530	1,047	1,086	42,360
1952.....	25,372	7,560	8,145	1,193	1,047	43,317
1953.....	24,648	6,490	8,599	1,411	926	42,074
1954.....	23,437	6,715	7,568	753	1,177	39,650
1955.....	20,812	7,788	9,638	707	1,809	40,754
1956.....	22,064	8,658	8,181	452	3,010	42,365
1957 ¹	20,360	7,805	9,209	455	3,462	41,291

¹ Preliminary—basis estimate of November 13, 1957.
Source: Dominion Bureau of Statistics

TABLE II

YIELD PER ACRE OF PRINCIPAL GRAINS IN THE PRAIRIE PROVINCES

1930 - 1957

Harvest Year	Wheat	Oats	Barley	Rye	Flaxseed
			(Bushels)		
1930.....	16.6	30.7	23.0	15.1	8.7
1931.....	11.8	22.2	15.7	5.7	3.7
1932.....	16.0	28.8	20.0	10.3	5.8
1933.....	10.4	19.8	15.6	6.0	2.4
1934.....	11.3	18.9	15.1	5.9	3.8
1935.....	11.3	25.8	19.7	12.9	5.3
1936.....	8.1	15.7	14.1	5.7	3.7
1937.....	6.4	16.6	17.5	5.3	3.0
1938.....	13.5	27.2	21.8	14.3	5.9
1939.....	19.1	28.1	22.5	13.5	6.8
1940.....	18.5	29.3	22.9	13.0	7.9
1941.....	14.0	21.9	20.0	13.0	6.4
1942.....	25.6	51.7	37.6	18.4	10.1
1943.....	16.7	33.3	25.7	11.8	6.1
1944.....	17.9	36.1	26.4	12.4	7.2
1945.....	13.1	25.5	21.0	10.8	7.0
1946.....	16.6	28.9	23.1	11.3	7.6
1947.....	13.7	24.5	18.6	10.8	7.6
1948.....	15.6	29.6	23.3	11.1	9.3
1949.....	12.9	25.8	19.4	7.2	6.8
1950.....	16.6	33.9	25.3	10.6	8.3
1951.....	21.7	40.9	31.1	15.3	8.2
1952.....	26.7	45.8	34.5	19.4	10.8
1953.....	23.7	42.5	29.2	19.0	10.0
1954.....	12.0	29.2	22.1	16.2	9.3
1955.....	22.7	37.2	25.3	18.9	10.8
1956.....	25.0	46.2	32.0	14.4	11.3
1957 ¹	17.3	30.5	23.1	13.8	5.7

¹ Preliminary—basis estimate of November 13, 1957.

Source: Dominion Bureau of Statistics.

TABLE III

TOTAL PRODUCTION OF PRINCIPAL GRAINS IN THE PRAIRIE PROVINCES

1930-1957

Harvest Year	Wheat	Oats	Barley	Rye	Flaxseed	Total
(Thousands of Bushels)						
1930.....	397,300	254,011	109,495	20,641	4,963	786,410
1931.....	301,181	183,700	50,540	4,157	2,370	541,948
1932.....	422,947	245,726	63,114	7,270	2,640	741,697
1933.....	263,004	177,422	47,243	3,104	563	491,336
1934.....	263,800	172,040	44,742	3,664	827	485,073
1935.....	264,096	244,854	62,625	8,379	1,563	581,517
1936.....	202,000	135,862	52,617	3,201	1,730	395,410
1937.....	156,800	142,413	62,418	4,280	694	366,605
1938.....	336,000	232,000	80,200	9,240	1,185	658,725
1939.....	494,000	231,500	81,000	13,700	1,950	822,150
1940.....	513,800	229,000	83,000	12,250	2,875	840,925
1941.....	296,000	179,600	95,500	9,691	6,643	597,434
1942.....	529,000	492,700	239,200	22,632	15,180	1,298,712
1943.....	267,800	374,700	197,700	5,288	18,130	863,618
1944.....	391,700	350,000	172,500	7,186	8,619	930,905
1945.....	294,600	249,300	136,600	4,551	5,970	691,021
1946.....	393,000	245,000	133,700	7,289	6,569	785,558
1947.....	320,000	191,700	131,000	12,150	13,040	667,890
1948.....	356,000	222,800	142,000	24,721	17,450	762,971
1949.....	341,000	189,900	109,000	7,900	1,973	649,773
1950.....	439,000	255,200	157,000	11,050	4,483	866,733
1951.....	530,000	340,000	234,000	15,980	8,870	1,128,850
1952.....	678,000	346,000	281,000	23,200	11,300	1,339,500
1953.....	584,000	276,000	251,000	26,850	9,300	1,147,150
1954.....	282,000	196,000	167,000	12,179	10,950	668,129
1955.....	472,000	290,000	244,000	13,350	19,450	1,038,800
1956.....	551,000	400,000	262,000	6,500	34,100	1,253,600
1957 ¹	352,000	238,000	213,000	6,300	19,700	829,000

¹ Preliminary—basis estimate of November 13, 1957.

Source: Dominion Bureau of Statistics.

TABLE IV
CANADIAN WHEAT SUPPLIES AND DISPOSITION
Crop Years 1932-33 to 1956-57

Crop Year	SUPPLIES			DISPOSITION				Total ¹ Outward Carryover July 31st
	Inward Carryover ¹ August 1st			Total Supplies	Domestic Disappearance ²		Exports ¹ Wheat and Flour	
	Farm	Commercial	Production ¹		Farm	Commercial		
(Thousands of Bushels)								
1932-33....	7,496	128,445	443,061	579,002	66,625	30,416	264,304	217,657
1933-34....	12,340	205,317	281,892	499,549	58,653	43,214	194,780	202,902
1934-35....	8,733	194,169	275,849	478,751	49,276	49,872	165,751	213,852
1935-46....	7,861	205,991	281,935	495,787	69,934	44,065	254,425	127,363
1936-37....	5,520	121,843	219,218	346,581	57,281	42,477	209,773	37,049
1937-38....	3,999	33,050	180,210	217,259	54,574	42,563	95,586	24,536
1938-39....	5,061	19,475	360,010	384,546	70,942	50,659	160,034	102,911
1939-40....	4,682	98,229	520,623	623,534	82,488	47,899	192,674	300,473
1940-41....	17,286	283,187	540,190	840,663	86,281	43,047	231,206	480,129
1941-42....	13,954	466,175	314,710	794,839	90,953	54,306	225,828	423,752
1942-43....	10,446	413,306	556,067	979,819	101,459	69,033	214,701	594,626
1943-44....	197,207	397,419	282,377	877,003	96,087	80,630	343,755	356,531
1944-45....	53,871	302,660	414,859	771,390	86,856	83,515	342,946	258,073
1945-46....	28,650	229,423	316,320	574,393	78,023	79,584	343,186	73,600
1946-47....	27,203	46,397	411,601	485,201	77,406	82,233	239,421	86,141
1947-48....	25,988	60,153	338,506	424,647	76,952	75,003	194,982	77,710
1948-49....	39,162	38,548	381,413	459,123	75,818	48,565	232,329	102,411
1949-50....	43,423	59,988	366,028	468,439	74,792	56,310	225,137	112,200
1950-51....	12,389	99,811	466,490	578,690	83,588	64,938	240,961	189,203
1951-52....	22,260	166,943	553,646	742,849	96,815	73,031	355,825	217,178
1952-53....	19,262	197,916	701,922	919,100	86,598	63,790	385,527	383,185
1953-54....	93,716	289,469	613,962	997,147	71,484	51,907	255,081	618,675
1954-55....	231,860	386,815	308,909	927,584	79,619	59,308	251,909	536,748
1955-56....	137,855	398,893	494,142	1,030,890	73,749	68,386	309,181	579,574
1956-57....	204,205	375,369	573,062	1,152,636	95,653	65,984	261,797	729,202 ³
1957-58 ³ ...	319,160	410,042	373,508	1,102,710				

¹ Source: Dominion Bureau of Statistics.

² A residual item. Farm disappearance is computed by adding inward farm carryover and production and deducting therefrom marketings and outward farm carryover. Commercial disappearance is computed by adding inward commercial carryover and marketings and deducting therefrom outward commercial carryover and exports. Marketings are basis all Canada for years 1940-41 to 1956-57 inclusive, but for Prairie Provinces only for earlier years.

³ Preliminary.

TABLE V
CANADIAN OATS SUPPLIES AND DISPOSITION

Crop Years 1932-33 to 1956-57

Crop Year	SUPPLIES			DISPOSITION				Total ¹ Outward Carryover July 31st
	Inward Carryover ¹ August 1st		Production ¹	Total Supplies	Domestic Disappearance ³		Net ² Exports	
	Farm	Commercial			Farm	Commercial		
(Thousands of Bushels)								
1932-33 . . .	22,823	7,026	391,561	421,410	357,149	7,797	14,419	42,045
1933-34 . . .	27,701	14,344	307,478	349,523	282,486	26,836	9,141	31,060
1934-35 . . .	19,333	11,727	321,120	352,180	288,647	19,200	17,863	26,471
1935-36 . . .	20,071	6,400	394,348	420,819	352,243	12,681	15,515	40,380
1936-37 . . .	31,186	9,194	271,778	312,158	258,694	25,697	9,501	18,266
1937-38 . . .	15,231	3,035	268,442	286,708	238,578	20,404	8,228	19,499
1938-39 . . .	16,120	3,379	371,382	390,881	315,512	13,549	12,934	48,887
1939-40 . . .	39,654	9,233	384,407	433,294	349,645	13,127	23,591	46,931
1940-41 . . .	39,781	7,150	380,526	427,457	350,986	21,257	13,651	41,563
1941-42 . . .	37,102	4,461	306,052	347,615	285,653	21,494	11,861	28,607
1942-43 . . .	24,173	4,434	641,488	670,095	426,285	31,146	63,323	149,341
1943-44 . . .	188,404	30,937	461,567	610,908	366,248	61,444	74,737	108,479
1944-45 . . .	69,423	39,056	474,044	582,523	343,960	54,510	85,798	98,255
1945-46 . . .	64,825	33,430	351,234	449,489	257,476	70,660	43,861	77,492
1946-47 . . .	51,087	26,405	360,860	438,352	259,301	79,088	29,759	69,484
1947-48 . . .	52,566	16,918	270,190	339,674	212,496	69,085	10,202	47,891
1948-49 . . .	37,593	10,298	345,305	393,196	248,544	60,925	23,220	60,507
1949-50 . . .	48,363	12,144	304,595	365,102	238,887	60,763	20,547	44,905
1950-51 . . .	33,579	11,326	401,768	446,673	272,851	43,248	35,397	95,177
1951-52 . . .	59,481	35,696	488,125	583,302	355,239	49,059	70,646	108,358
1952-53 . . .	57,836	50,522	466,793	575,151	314,058	51,313	65,371	144,409
1953-54 . . .	90,660	53,749	406,951	551,360	309,830	45,061	70,700	125,769
1954-55 . . .	97,250	28,519	306,793	432,562	280,366	45,982	22,247	83,967
1955-56 . . .	53,400	30,567	407,783	491,750	318,329	50,173	4,412	119,106
1956-57 . . .	71,200	47,906	524,445	643,551	354,291	44,509	18,681	226,070 ⁴
1957-58 ⁴ . . .	172,100	53,970	384,599	610,669				

¹Source: Dominion Bureau of Statistics.

²Source: Board of Grain Commissioners—includes rolled oats and oatmeal.

³A residual item. Farm disappearance is computed by adding inward farm carryover and production and deducting therefrom marketings and outward farm carryover. Commercial disappearance is computed by adding inward commercial carryover and marketings and deducting therefrom outward commercial carryover and exports. Marketings are basis all Canada for years 1940-41 to 1956-57 inclusive, but for Prairie Provinces only for earlier years.

⁴Preliminary.

TABLE VI
CANADIAN BARLEY SUPPLIES AND DISPOSITION
Crop Years 1932-33 to 1956-57

Crop Year	SUPPLIES			DISPOSITION				Total ¹ Outward Carryover July 31st
	Inward Carryover ¹ August 1st		Production ¹	Total Supplies	Domestic Disappearance ³		Net ² Exports	
	Farm	Commercial			Farm	Commercial		
(Thousands of Bushels)								
1932-33.....	3,477	3,719	80,773	87,969	68,256	2,984	5,391	11,338
1933-34.....	3,102	8,236	63,359	74,697	51,526	10,367	1,711	11,093
1934-35.....	1,839	9,254	63,742	74,835	49,803	3,956	15,057	6,019
1935-36.....	2,022	3,997	83,975	89,994	66,022	6,062	7,676	10,234
1936-37.....	4,199	6,035	71,922	82,156	53,126	6,678	17,556	4,796
1937-38.....	1,476	3,320	83,124	87,920	57,951	8,594	14,744	6,631
1938-39.....	3,178	3,453	102,242	108,873	73,713	7,536	14,820	12,804
1939-40.....	7,347	5,457	103,147	115,951	81,538	11,081	10,678	12,654
1940-41.....	7,075	5,579	104,256	116,910	83,929	19,351	2,722	10,908
1941-42.....	6,505	4,403	110,401	121,309	85,142	23,288	2,058	10,821
1942-43.....	5,112	5,709	256,037	266,858	134,259	29,559	33,761	69,279
1943-44.....	41,314	27,965	208,365	277,644	140,751	54,841	36,103	45,949
1944-45.....	23,379	22,570	187,326	233,275	117,194	47,755	39,407	28,919
1945-46.....	17,819	11,100	148,792	177,711	85,452	57,906	4,416	29,937
1946-47.....	13,884	16,053	146,852	176,789	76,674	64,448	6,903	28,764
1947-48.....	16,492	12,272	139,886	168,650	73,990	60,532	2,679	31,449
1948-49.....	17,373	14,076	152,281	183,730	80,873	51,458	21,730	29,669
1949-50.....	18,482	11,187	118,044	147,713	71,868	37,967	17,523	20,355
1950-51.....	11,324	9,031	167,495	187,850	77,263	34,015	23,076	53,496
1951-52.....	17,854	35,642	245,212	298,708	110,025	39,264	69,915	79,504
1952-53.....	21,476	58,028	291,389	370,893	108,922	31,447	118,857	111,667
1953-54.....	38,235	73,432	262,065	373,732	101,702	36,076	90,044	145,910
1954-55.....	96,810	49,100	175,509	321,419	117,088	35,751	77,092	91,488
1955-56.....	42,310	49,178	252,385	343,873	129,545	39,067	64,313	110,948
1956-57.....	50,465	60,483	269,065	380,013	117,889	42,511	76,881	142,732 ⁴
1957-58 ⁴	80,980	61,752	219,993	362,725				

¹ Source: Dominion Bureau of Statistics.

² Source: Board of Grain Commissioners—bulk barley.

³ A residual item. Farm disappearance is computed by adding inward farm carryover and production and deducting therefrom marketings and outward farm carryover. Commercial disappearance is computed by adding inward commercial carryover and marketings and deducting therefrom outward commercial carryover and exports—marketings are basis all Canada for years 1940-41 to 1956-57 inclusive, but for Prairie Provinces only for earlier years.

⁴ Preliminary.

TABLE VII
CANADIAN GRAIN STORAGE POSITION

1932 to 1957—As at July 31st

VISIBLE STOCKS OF ALL GRAINS AS AT JULY 31st¹

Year	Wheat	Oats	Barley	Rye	Flaxseed	U.S. and Foreign Grain ³	Total	Total Rated Capacity ² as at Dec. 1st
(Thousands of Bushels)								
1932.....	128,446	7,026	3,719	5,620	1,314	15,670	161,795	419,520
1933.....	205,317	14,344	8,236	5,850	1,162	4,402	239,311	419,593
1934.....	194,169	11,727	9,254	4,013	468	3,049	222,680	419,890
1935.....	205,991	6,400	3,997	3,088	309	—	219,785	420,644
1936.....	121,843	9,194	6,035	3,415	262	193	140,942	421,856
1937.....	33,050	3,035	3,320	330	455	272	40,462	423,063
1938.....	19,475	3,379	3,453	923	217	6,728	34,175	422,824
1939.....	98,229	9,233	5,457	2,541	114	3,898	119,472	424,290
1940.....	283,187	7,150	5,579	4,733	557	3,685	304,891	510,158
1941.....	466,175	4,461	4,403	4,459	605	2,556	482,659	601,191
1942.....	413,306	4,434	5,710	3,150	1,005	6,925	434,530	604,254
1943.....	397,419	30,937	27,965	9,182	3,346	895	469,744	605,988
1944.....	302,660	39,056	22,570	4,550	2,825	2,502	374,163	603,792
1945.....	229,423	33,430	11,100	1,519	2,178	167	277,817	575,882
1946.....	46,397	26,405	16,053	515	1,006	378	90,754	510,053
1947.....	60,153	16,918	12,272	475	356	359	90,533	505,197
1948.....	38,548	10,298	14,076	628	3,076	334	66,960	507,756
1949.....	58,988	12,144	11,187	7,731	10,501	349	100,900	513,243
1950.....	99,811	11,326	9,031	5,300	4,361	8,407	138,236	520,181
1951.....	166,943	35,696	35,642	2,449	998	3,607	245,335	530,755
1952.....	197,916	50,522	58,028	6,748	2,055	668	315,937	542,668
1953.....	289,469	53,749	73,432	13,036	2,468	421	432,575	564,446
1954.....	386,815	28,519	49,100	6,425	1,548	1,449	473,856	583,417
1955.....	398,893	30,567	49,178	8,305	909	520	488,372	602,164
1956.....	375,369	47,906	60,483	6,208	2,067	450	492,483	624,839
1957.....	410,042	53,970	61,752	3,520	6,061	1,104	536,449	633,030

¹Includes stocks in unlicensed mills and any stocks in licensed mills which have been transferred from elevator storage proper to the mill or feed plants for processing.

²Includes all storage: i.e., licensed and unlicensed, permanent and temporary.

³From 1932 to 1948 inclusive—stocks are for the week ending closest to July 31st in each case.

Source: Board of Grain Commissioners for Canada.

TABLE VIII
CANADIAN EXPORTS OF GRAIN AND GRAIN PRODUCTS
Crop Years 1932-33 to 1956-57

Crop Year	Wheat	Wheat Flour ¹	Oats and Oats Products	Barley	Rye	Flaxseed	Total
(Thousands of Bushels)							
1932-33.....	240,137	24,168	14,419	5,391	2,866	794	287,775
1933-34.....	170,234	24,546	9,141	1,711	2,580	187	208,399
1934-35.....	144,375	21,376	17,863	15,057	1,187	12	199,870
1935-36.....	232,020	22,405	15,515	7,676	2,456	19	280,091
1936-37.....	189,407	20,365	9,501	17,556	3,633	178	240,640
1937-38.....	79,342	16,243	8,228	14,744	648	16	119,221
1938-39.....	139,315	20,719	12,934	14,820	787	31	188,606
1939-40.....	162,158	30,516	23,591	10,678	2,743	—	229,686
1940-41.....	184,907	46,300	13,651	2,722	1,958	55	249,593
1941-42.....	179,902	45,926	11,861	2,058	2,792	842	243,381
1942-43.....	158,112	56,588	63,323	33,761	2,004	5,202	318,990
1943-44.....	283,166	60,590	74,735	36,103	8,108	10,050	472,752
1944-45.....	280,288	62,657	85,798	39,407	6,188	4,327	478,665
1945-46.....	278,070	65,116	43,861	4,416	2,968	346	394,777
1946-47.....	163,388	76,033	29,759	6,903	5,269	61	281,413
1947-48.....	133,505	61,477	10,202	2,679	10,226	1,788	219,877
1948-49.....	184,235	48,094	23,220	21,730	10,239	4,413	291,931
1949-50.....	179,457	45,680	20,547	17,523	9,954	3,034	276,195
1950-51.....	185,039	55,921	35,397	23,076	9,367	4,131	312,931
1951-52.....	304,722	51,103	70,646	69,915	6,820	2,882	506,088
1952-53.....	329,026	56,501	65,371	118,857	8,993	4,060	582,808
1953-54.....	208,835	46,246	70,700	90,044	16,835	5,172	437,832
1954-55.....	211,288	40,512	22,247	77,092	9,311	6,345	366,795
1955-56.....	269,181	40,000	4,142	64,313	12,918	11,583	402,137
1956-57.....	228,257	33,540	18,681	76,881	5,448	21,582	384,389

¹In Wheat Equivalent.

Source: Board of Grain Commissioners for Canada.

TABLE IX
DISTRIBUTION OF CANADIAN WHEAT AND WHEAT FLOUR
EXPORTS BY SELECTED AREAS

Crop Years 1940-41 to 1956-57

Crop Year	United Kingdom	Europe (Excl. U.K.)	U.S.A.	North and Central America ¹ (Excl. U.S.A.)	South America	Africa	Asia and Oceania	Total
(Thousands of Bushels)								
1940-41.....	191,283 (82.7%)	10,042 (4.3%)	11,912 (5.2%)	7,337 (3.2%)	2,108 (0.9%)	1,647 (0.7%)	6,877 (3.0%)	231,206 (100.0%)
1941-42.....	149,774 (66.3%)	26,471 (11.7%)	18,634 (8.3%)	10,519 (4.7%)	2,080 (0.9%)	14,940 (6.6%)	3,410 (1.5%)	225,828 (100.0%)
1942-43.....	150,232 (70.0%)	24,579 (11.4%)	14,862 (6.9%)	9,568 (4.5%)	1,482 (0.7%)	12,220 (5.7%)	1,757 (0.8%)	214,700 (100.0%)
1943-44.....	114,522 (33.4%)	37,240 (10.8%)	159,838 (46.5%)	10,272 (3.0%)	1,710 (0.5%)	18,979 (5.5%)	1,194 (0.3%)	343,755 (100.0%)
1944-45.....	152,598 (44.5%)	86,619 (25.3%)	41,942 (12.2%)	8,912 (2.6%)	4,175 (1.2%)	27,449 (8.0%)	21,250 (6.2%)	342,945 (100.0%)
1945-46.....	151,491 (44.6%)	88,180 (25.9%)	13,047 (3.8%)	10,163 (3.0%)	5,128 (1.5%)	38,175 (1.2%)	33,922 (10.0%)	340,106 (100.0%)
1946-47.....	160,983 (66.4%)	38,448 (15.8%)	1,695 (0.7%)	10,031 (4.1%)	7,022 (2.9%)	9,820 (4.0%)	14,859 (6.1%)	242,858 (100.0%)
1947-48.....	160,707 (82.4%)	14,802 (7.6%)	140 (0.1%)	8,455 (4.4%)	2,804 (1.4%)	1,178 (0.6%)	6,896 (3.5%)	194,982 (100.0%)
1948-49.....	151,728 (65.3%)	26,099 (11.2%)	5,544 (2.4%)	9,040 (3.9%)	4,578 (2.0%)	11,031 (4.7%)	24,309 (10.5%)	232,329 (100.0%)
1949-50.....	130,285 (57.9%)	28,932 (12.8%)	13,747 (6.1%)	10,535 (4.7%)	7,022 (3.1%)	9,633 (4.3%)	24,983 (11.1%)	225,137 (100.0%)
1950-51.....	101,456 (42.1%)	52,792 (21.9%)	21,222 (8.8%)	10,555 (4.4%)	10,396 (4.3%)	9,980 (4.1%)	34,460 (14.4%)	240,961 (100.0%)
1951-52.....	127,510 (35.8%)	97,916 (27.5%)	38,981 (11.0%)	11,428 (3.2%)	17,278 (4.9%)	12,568 (3.5%)	50,144 (14.1%)	355,825 (100.0%)
1952-53.....	122,854 (31.9%)	121,162 (31.4%)	23,140 (6.0%)	8,356 (2.2%)	25,976 (6.7%)	21,753 (5.6%)	62,286 (16.2%)	385,527 (100.0%)
1953-54.....	82,020 (32.2%)	63,350 (24.8%)	7,974 (3.1%)	11,140 (4.4%)	19,528 (7.7%)	11,297 (4.4%)	59,772 (23.4%)	255,081 (100.0%)
1954-55.....	101,814 (40.4%)	75,820 (30.1%)	5,235 (2.1%)	10,712 (4.3%)	8,685 (3.4%)	7,572 (3.0%)	42,071 (16.7%)	251,909 (100.0%)
1955-56.....	109,446 (35.4%)	127,210 (41.1%)	8,256 (2.7%)	9,294 (3.0%)	6,751 (2.2%)	8,200 (2.7%)	40,025 (12.9%)	309,182 (100.0%)
1956-57.....	90,435 (34.5%)	101,242 (38.7%)	7,548 (2.9%)	7,028 (2.7%)	6,610 (2.5%)	2,615 (1.0%)	46,319 (17.7%)	261,797 (100.0%)

¹Includes Newfoundland up to 1949-50.

Source: Board of Grain Commissioners for Canada.

TABLE X
DISTRIBUTION OF CANADIAN OATS¹—EXPORTS BY SELECTED AREAS
Crop Years 1940-41 to 1956-57

Crop Year	United Kingdom	Europe (Excl. U.K.)	U.S.A.	North and Central America ² (Excl. U.S.A.)	South America	Africa	Asia and Oceania	Total
(Thousands of Bushels)								
1940-41.....	—	84 (0.8%)	10,073 (98.3%)	53 (0.5%)	—	—	40 (0.4%)	10,250 (100.0%)
1941-42.....	194 (4.0%)	425 (8.7%)	3,421 (70.1%)	106 (2.2%)	—	—	6 (0.1%)	4,877 ² (85.1%)
1942-43.....	63 (0.1%)	316 (0.5%)	61,550 (98.8%)	398 (0.6%)	—	—	—	62,327 (100.0%)
1943-44.....	—	—	71,902 (99.6%)	266 (0.4%)	—	—	—	72,168 (100.0%)
1944-45.....	5,145 (6.6%)	1,378 (1.8%)	69,708 (89.8%)	409 (0.5%)	77 (0.1%)	—	928 (1.2%)	77,645 (100.0%)
1945-46.....	3,076 (8.1%)	18,741 (50.0%)	13,264 (35.4%)	738 (2.0%)	69 (0.2%)	1,099 (2.9%)	524 (1.4%)	37,511 (100.0%)
1946-47.....	10,760 (49.5%)	7,453 (34.2%)	849 (3.9%)	379 (1.7%)	7 (0.1%)	269 (1.2%)	2,075 (9.5%)	21,792 (100.0%)
1947-48.....	—	4,092 (75.6%)	1,215 (22.4%)	103 (1.9%)	4 (0.1%)	—	—	5,414 (100.0%)
1948-49.....	—	3,059 (14.3%)	18,245 (85.1%)	89 (0.4%)	18 (0.1%)	—	16 (0.1%)	21,427 (100.0%)
1949-50.....	—	1,945 (10.2%)	17,089 (89.2%)	68 (0.4%)	24 (0.1%)	—	16 (0.1%)	19,142 (100.0%)
1950-51.....	—	4,073 (11.7%)	30,562 (88.0%)	55 (0.2%)	18 (0.1%)	—	9 (0.1%)	34,717 (100.0%)
1951-52.....	—	10,957 (15.7%)	58,573 (84.2%)	36 (0.1%)	4 (0.1%)	—	9 (0.1%)	69,579 (100.0%)
1952-53.....	564 (0.9%)	4,694 (7.2%)	59,527 (91.8%)	37 (0.1%)	4 (0.1%)	—	31 (0.1%)	64,857 (100.0%)
1953-54.....	1,542 (2.2%)	2,383 (3.4%)	65,878 (94.2%)	74 (0.1%)	2 (0.1%)	—	35 (0.1%)	69,914 (100.0%)
1954-55.....	2,494 (11.5%)	4,241 (19.6%)	14,811 (68.5%)	68 (0.3%)	15 (0.1%)	—	6 (0.1%)	21,635 (100.0%)
1955-56.....	413 (11.4%)	1,297 (35.8%)	1,867 (51.5%)	40 (1.1%)	7 (0.2%)	—	—	3,624 (100.0%)
1956-57.....	149 (0.8%)	513 (2.8%)	17,615 (96.0%)	37 (0.2%)	26 (0.2%)	—	—	18,340 (100.0%)

¹ Includes Oats as grain only.

² Includes 725,000 bushels (14.9%) bagged grain destination unknown.

³ Includes Newfoundland up to 1949-50.

Source: Board of Grain Commissioners for Canada.

TABLE XI

DISTRIBUTION OF CANADIAN BARLEY EXPORTS BY SELECTED AREAS

Crop Years 1940-41 to 1956-57

Crop Year	United Kingdom	Europe (Excl. U.K.)	U.S.A.	North and Central America ¹ (Excl. U.S.A.)	South America	Africa	Asia and Oceania	Total
(Thousands of Bushels)								
1940-41.....	186 (6.8%)	1,226 (45.0%)	1,155 (42.5%)	153 (5.6%)	2 (0.1%)	—	—	2,722 (100.0%)
1941-41.....	—	131 (6.4%)	1,690 (82.1%)	234 (11.4%)	—	—	—	2,058 ² (99.9%)
1942-43.....	—	—	33,472 (99.1%)	289 (0.9%)	—	—	—	33,761 (100.0%)
1943-44.....	—	—	35,805 (99.2%)	298 (0.8%)	—	—	—	36,103 (100.0%)
1944-45.....	—	3,609 (9.2%)	35,794 (90.8%)	4	—	—	—	39,407 (100.0%)
1945-46.....	—	755 (17.1%)	3,661 (82.9%)	—	—	—	—	4,416 (100.0%)
1946-47.....	—	2,845 (41.2%)	4,058 (58.8%)	—	—	—	—	6,903 (100.0%)
1947-48.....	—	1,378 (51.5%)	1,155 (43.1%)	145 (5.4%)	—	—	—	2,678 (100.0%)
1948-49.....	—	10,832 (49.8%)	10,647 (49.0%)	229 (1.1%)	—	—	22 (0.1%)	21,730 (100.0%)
1949-50.....	—	1,300 (7.4%)	16,202 (92.5%)	—	—	—	21 (0.1%)	17,523 (100.0%)
1950-51.....	160 (0.7%)	11,127 (48.2%)	10,588 (45.9%)	—	—	—	1,200 (5.2%)	23,075 (100.0%)
1951-52.....	7,656 (11.0%)	36,627 (52.4%)	10,220 (14.6%)	—	1	—	15,411 (22.0%)	69,915 (100.0%)
1952-53.....	16,085 (13.5%)	53,190 (44.7%)	24,085 (20.3%)	—	1	—	25,496 (21.5%)	118,857 (100.0%)
1953-54.....	19,639 (21.8%)	13,438 (14.9%)	36,921 (41.0%)	2	—	—	20,044 (22.3%)	90,044 (100.0%)
1954-55.....	48,538 (63.0%)	5,106 (6.6%)	19,086 (24.8%)	4	2	—	4,356 (5.6%)	77,092 (100.0%)
1955-56.....	22,685 (35.3%)	5,733 (8.9%)	28,855 (44.9%)	1	3	—	7,037 (10.9%)	64,314 (100.0%)
1956-57.....	32,369 (42.1%)	10,726 (14.0%)	21,562 (28.0%)	—	—	—	12,224 (15.9%)	76,881 (100.0%)

¹Includes Newfoundland up to 1949-50.

²3,000 bushels (0.1%) bagged grain—Destination unknown.

Source: Board of Grain Commissioners for Canada.

STANDING COMMITTEE

TABLE XII

PRODUCERS' MARKETINGS—WESTERN CANADIAN GRAINS

Crop Years 1932-33 to 1956-57

Crop Year	Wheat	Oats	Barley	Rye	Flaxseed	Total ¹
(Thousands of Bushels)						
1932-33.....	371,592	29,534	12,892	3,117	1,773	424,251
1933-34.....	226,846	33,360	13,096	1,149	362	278,854
1934-35.....	227,445	31,736	13,756	1,088	430	278,625
1935-36.....	214,342	30,990	15,776	2,793	986	268,623
1936-37.....	163,457	29,039	21,519	1,619	1,353	219,578
1937-38.....	124,574	28,975	23,471	1,462	372	184,551
1938-39.....	289,447	32,336	24,360	3,393	747	354,471
1939-40.....	425,581	34,635	21,881	5,124	1,586	492,380
1940-41.....	456,660	32,150	20,791	5,048	2,572	517,221
1941-42.....	227,121	33,250	26,644	5,339	4,898	297,252
1942-43.....	267,340	120,689	85,571	9,777	11,359	494,736
1943-44.....	329,322	144,277	85,549	4,690	14,239	578,077
1944-45.....	351,384	134,615	75,690	4,122	7,154	572,965
1945-46.....	237,300	107,397	67,272	3,096	4,734	419,799
1946-47.....	334,618	99,856	67,553	5,577	4,808	512,412
1947-48.....	246,602	72,652	65,014	10,143	10,503	404,914
1948-49.....	293,987	85,924	70,252	17,502	15,166	482,831
1949-50.....	319,571	80,448	53,326	8,689	1,493	463,527
1950-51.....	367,845	102,688	83,414	7,441	3,254	564,642
1951-52.....	455,362	133,608	130,336	11,727	6,363	737,396
1952-53.....	535,989	119,750	165,063	15,926	8,155	844,856
1953-54.....	396,961	90,367	101,397	12,209	7,403	608,337
1954-55.....	319,780	70,221	112,568	13,191	8,792	524,552
1955-56.....	352,975	71,629	114,460	12,486	15,750	567,300
1956-57 ²	362,454	69,254	120,661	4,063	29,013	585,445

¹ Totals for crop years 1932-33 to 1939-40 inclusive include platform loadings of coarse grains, not shown in the figures for each individual grain.

² Preliminary figures.

Source: Board of Grain Commissioners for Canada.

TABLE XIII

RAIL SHIPMENTS FROM WESTERN COUNTRY ELEVATORS

Crop Years 1942-43 to 1956-57

Crop Year	Wheat	Oats	Barley	Rye	Flaxseed	Total
(Bushels)						
1942-43.....	175,936,393	103,617,387	76,125,989	5,733,391	10,050,418	371,463,578
1943-44.....	408,794,410	146,389,951	90,739,736	8,510,339	14,986,072	669,420,508
1944-45.....	424,079,134	147,124,431	82,033,858	4,502,589	7,093,780	664,833,792
1945-46.....	297,307,308	110,204,349	67,685,661	2,960,473	5,135,814	483,293,605
1946-47.....	331,120,642	105,562,688	72,168,541	5,705,585	4,725,954	519,283,410
1947-48.....	247,005,399	75,656,162	66,070,399	9,785,253	9,860,350	408,377,563
1948-49.....	289,843,032	83,035,066	68,904,394	16,169,309	15,485,845	473,437,916
1949-50.....	308,377,624	80,930,369	53,615,249	9,634,397	1,537,866	454,095,505
1950-51.....	309,397,232	90,260,430	74,336,962	7,815,471	3,010,111	484,820,206
1951-52.....	429,643,419	121,922,070	114,449,354	9,607,348	5,704,183	681,326,374
1952-53.....	474,918,967	105,504,254	143,415,520	14,611,088	7,476,310	745,926,139
1953-54.....	335,834,138	108,061,751	117,237,168	11,545,394	7,683,349	580,361,800
1954-55.....	307,015,780	73,044,811	112,076,924	13,570,387	8,880,190	514,588,092
1955-56.....	335,327,038	64,685,499	112,830,912	12,113,521	14,864,570	539,821,540
1956-57 ¹	358,896,357	52,663,995	115,878,130	5,901,075	26,804,117	560,143,674

¹ Subject to revision.

Source: Board of Grain Commissioners for Canada.

TABLE XIV

VESSEL SHIPMENTS OF PRINCIPAL GRAINS FROM THE LAKEHEAD

Crop Years 1940-41 to 1956-57

Crop Year	Wheat	Oats	Barley	Rye	Flaxseed	Total
(Bushels)						
1940-41.....	217,439,003	13,018,645	9,971,860	4,297,261	1,612,798	246,339,567
1941-42.....	204,944,133	5,456,822	9,892,366	3,875,989	2,010,339	226,179,649
1942-43.....	171,325,422	36,303,618	32,438,575	1,590,318	5,669,143	247,327,076
1943-44.....	292,728,195	50,777,311	42,212,992	9,441,840	1,601,127	405,762,185
1944-45.....	324,730,999	99,242,739	55,567,683	5,664,591	5,550,932	490,706,944
1945-46.....	231,022,107	62,323,412	34,008,271	2,713,341	3,335,534	333,402,575
1946-47.....	175,806,761	50,311,335	31,221,973	4,776,225	1,339,983	263,456,277
1947-48.....	134,545,364	34,434,520	28,312,907	8,549,033	4,933,346	211,775,170
1948-49.....	159,860,617	39,725,647	37,918,784	12,320,244	9,624,601	259,449,893
1949-50.....	164,958,725	41,204,023	33,796,178	9,687,245	4,280,260	253,926,431
1950-51.....	141,708,034	45,064,802	34,476,555	8,871,808	3,630,491	233,751,690
1951-52.....	253,116,277	82,874,027	73,274,674	6,977,331	4,071,347	420,313,656
1952-53.....	251,809,101	81,132,026	109,096,288	10,678,063	6,044,005	458,759,483
1953-54.....	134,698,514	86,972,188	84,257,907	15,740,212	5,498,361	327,167,182
1954-55.....	164,733,648	46,327,223	82,368,609	10,781,923	5,741,783	309,953,186
1955-56.....	183,696,338	35,564,246	78,171,277	13,501,152	9,619,756	320,552,769
1956-57 ¹	170,884,418	48,280,352	73,867,597	5,873,831	13,571,118	312,477,316

¹ Subject to revision.

Source: Dominion Bureau of Statistics—Grain Trade of Canada—Annual Editions.

TABLE XV

OVERSEAS CLEARANCES OF CANADIAN BULK GRAIN BY PORT AREAS

Crop Years 1937-38 to 1956-57

Crop Year	Atlantic ¹ Coast	St. Lawrence	Lakehead Direct	Churchill	Pacific Coast	Total
(Thousands of Bushels)						
1937-38.....	25,420	56,075	114	604	14,366	96,579
1938-39.....	16,623	87,863	447	917	45,445	151,295
1939-40.....	99,889	57,570	112	1,772	10,733	170,076
1940-41.....	108,481	63,235	3	—	4,107	175,826
1941-42.....	122,542	38,106	8	—	2,422	163,078
1942-43.....	127,847	15,437	10	—	1,598	144,892
1943-44.....	95,309	25,749	4	—	3,084	124,146
1944-45.....	135,505	106,942	8	—	8,644	251,099
1945-46.....	103,520	121,642	39	—	66,952	292,153
1946-47.....	37,220	87,174	—	2,929	61,715	189,038
1947-48.....	37,053	71,660	—	4,976	36,854	150,543
1948-49.....	34,974	99,955	—	5,314	60,696	200,939
1949-50.....	18,139	86,523	217	5,528	62,651	173,058
1950-51.....	21,383	94,840	119	6,768	68,481	191,591
1951-52.....	31,726	191,355	116	7,545	113,412	344,154
1952-53.....	42,185	240,786	533	8,621	121,374	413,499
1953-54.....	12,830	105,460	784	10,981	133,972	264,027
1954-55.....	40,759	133,888	158	12,245	98,428	285,478
1955-56.....	45,438	147,750	66	12,819	113,583	319,656
1956-57.....	28,495	117,393	—	16,250	138,968	301,106

¹Includes U.S.A. Atlantic Ports.

Source: Board of Grain Commissioners for Canada.

TABLE XVI

WHEAT PRODUCTION IN THE FOUR MAJOR EXPORTING COUNTRIES

Average 1934-38

Annually 1945-46 to 1957-58

Crop Year	Canada	Argentina	Australia	United States	Total
(Thousands of Bushels)					
Average					
1934-38	263,444	243,758	154,324	715,620	1,377,146
1945-46	318,512	150,116	142,419	1,107,623	1,718,670
1946-47	413,715	206,304	117,264	1,152,118	1,889,411
1947-48	341,758	238,800	220,117	1,358,911	2,159,586
1948-49	386,345	191,000	190,699	1,294,911	1,062,955
1949-50	371,406	189,017	218,221	1,098,415	1,877,059
1950-51	461,664	212,967	184,244	1,019,389	1,878,264
1951-52	552,657	77,162	159,725	980,810	1,770,354
1952-53	687,922	277,909	195,208	1,298,957	2,459,996
1953-54	613,962	227,800	199,000	1,169,484	2,210,246
1954-55	308,909	282,559	168,610	984,846	1,744,924
1955-56	494,140	192,904	195,589	936,761	1,819,394
1956-57	573,062	260,880	135,000	1,004,272	1,973,214
1957-58 ¹	373,508	180,000	90,000	947,102	1,590,610

¹Preliminary.

Source: For Canada—Dominion Bureau of Statistics.

For U.S.A.—U.S. Department of Agriculture.

For Argentina and Australia—

1934-38 to 1952-53—International Wheat Council.

1953-54 to 1957-58—Official sources of each country.

TABLE XVII

WORLD EXPORTS OF WHEAT AND WHEAT FLOUR BY PRINCIPAL EXPORTERS
DISTRIBUTION BY QUANTITY AND PERCENTAGE OF WORLD TRADE

Average 1930-39
July-June Crop Years 1945-46 to 1956-57

Crop Year	Argentina	Australia	Canada	United States	Others	World Total
(Millions of Bushels)						
Average						
1930-39 ¹	130 (18.3%)	114 (16.0%)	201 (28.3%)	75 (10.6%)	190 (26.8%)	710 (100.0%)
1945-46	68 (7.8%)	36 (4.2%)	373 (43.0%)	390 (44.9%)	1 (0.1%)	868 (100.0%)
1946-47	60 (8.0%)	47 (6.2%)	229 (30.3%)	397 (52.6%)	22 (2.9%)	755 (100.0%)
1947-48	102 (10.9%)	96 (10.3%)	205 (22.0%)	485 (51.9%)	46 (4.9%)	934 (100.0%)
1948-49	61 (6.2%)	122 (12.3%)	225 (22.8%)	504 (50.9%)	77 (7.8%)	989 (100.0%)
1949-50	88 (10.7%)	114 (13.9%)	232 (28.3%)	299 (26.4%)	88 (10.7%)	821 (100.0%)
1950-51	103 (10.9%)	127 (13.5%)	226 (24.0%)	365 (38.8%)	121 (12.8%)	942 (100.0%)
1951-52	30 (2.8%)	99 (9.3%)	345 (32.4%)	475 (44.7%)	115 (10.8%)	1,064 (100.0%)
1952-53	29 (3.0%)	100 (10.2%)	384 (39.2%)	317 (32.4%)	149 (15.2%)	979 (100.0%)
1953-54	110 (12.6%)	71 (8.2%)	278 (32.0%)	217 (25.0%)	193 (22.2%)	869 (100.0%)
1954-55	131 (13.9%)	94 (10.0%)	253 (26.8%)	274 (29.1%)	191 (20.2%)	943 (100.0%)
1955-56	115 (11.1%)	102 (9.8%)	301 (28.9%)	346 (33.2%)	177 (17.0%)	1,014 (100.0%)
1956-57 ²	98 (7.7%)	129 (10.1%)	267 (20.8%)	549 (42.8%)	239 (18.6%)	1,282 (100.0%)

¹Calendar years.

²Subject to revision.

Source: For Canada—Board of Grain Commissioners for Canada.

All Others—Foreign Agricultural Service, United States Department of Agriculture.

TABLE XVIII
WHEAT ACREAGE IN SELECTED COUNTRIES
1946 to 1957

Year	Belgium	Brazil	Denmark	France	Germany (West)	Italy
(Thousand Acres)						
1946.....	341	743	221	10,208	2,306	11,415
1947.....	192	868	60	8,384	2,060	11,122
1948.....	354	1,325	170	10,456	2,241	11,526
1949.....	378	1,557	206	10,434	2,279	11,686
1950.....	430	1,611	210	10,673	2,506	11,661
1951.....	408	1,792	200	10,502	2,545	11,683
1952.....	415	2,002	183	10,616	2,948	11,570
1953.....	435 ³	2,249	175	10,426	2,854 ³	11,787
1954.....	470 ³	2,671	210	11,098	2,736 ³	11,785
1955.....	487 ³	2,681	166	11,253	2,894 ³	11,990
1956.....	464	3,220 ²	164	7,000	2,830	12,300
1957 ²	513	— ¹	168	11,510	3,000	12,060

Year	Japan	Netherlands	Sweden	Switzerland	Turkey	United Kingdom
(Thousand Acres)						
1946.....	1,562	302	748	232	9,466	2,062
1947.....	1,428	212	723	225	10,321	2,163
1948.....	1,824	244	780	211	11,342	2,279
1949.....	1,872	256	759	206	9,903	1,963
1950.....	1,883	225	838	215	11,063	2,479
1951.....	1,811	185	181	242	12,170	2,130
1952.....	1,779	203	820	250	13,673	2,031
1953.....	1,693	161	956	235 ³	16,178 ³	2,217
1954.....	1,658	272	1,068	250 ³	16,163 ³	2,456
1955.....	1,633	220	872	257 ³	17,757 ³	1,947
1956.....	1,625	212	981	195	18,125	2,293
1957 ²	1,526	243	825	238	17,790	2,117

¹ Not available.² Preliminary.³ Including spelt.

Sources: For 1946-1956—International Wheat Council.

1956-1957—United States Department of Agriculture.

TABLE XIX
WHEAT PRODUCTION IN SELECTED COUNTRIES
1946 to 1957

Year	Belgium	Brazil	Denmark	France	Germany (West)	Italy
(Thousand Bushels)						
1946.....	13,440	7,803	10,901	248,267	56,299	225,083
1947.....	4,480	13,216	2,016	119,989	43,792	171,883
1948.....	12,656	14,896	9,334	280,485	73,771	226,016
1949.....	21,914	16,090	11,013	296,947	90,794 ¹	259,838
1950.....	20,099	19,548	10,950	282,963	96,048 ¹	285,646
1951.....	19,436	15,579	10,031	261,468	108,357 ¹	255,810
1952.....	21,273	25,351	11,060	309,419	120,924 ¹	289,173
1953.....	21,091	28,366	10,398	329,995	116,845 ¹	332,788
1954.....	21,642	32,004	10,729	388,234	106,300 ¹	267,604
1955.....	26,860	40,455	9,333	380,849	124,120 ¹	349,249
1956.....	21,920	33,000	9,770	240,000	127,560	318,980
1957 ³	27,430	— ²	9,740	397,269	140,630	310,500

Year	Japan	Netherlands	Sweden	Switzerland	Turkey	United Kingdom
(Thousand Bushels)						
1946.....	21,691	13,179	25,013	7,467	134,064	73,435
1947.....	26,992	7,131	14,672	6,869	119,280	62,235
1948.....	33,077	11,237	25,797	7,168	159,675	88,144
1949.....	45,920	15,642	25,648	9,333	92,474	82,282
1950.....	49,163	10,839	27,154	8,378	142,272	97,297
1951.....	54,744	9,921	17,527	9,589	210,526	86,458
1952.....	56,475	12,015	28,731	10,251	241,609	86,127
1953.....	50,486	9,149	36,266	9,002 ¹	298,726	99,465
1954.....	55,703	14,587	37,515	12,713 ¹	184,086	103,911
1955.....	53,940	12,860	26,308	11,795 ¹	257,794	97,040
1956.....	50,520	11,340	34,970	7,020	235,160	106,210
1957 ³	48,900	14,680	27,230	10,480	279,250	98,600

¹ Including spelt.

² Not available.

³ Preliminary.

Sources: 1946-1955—International Wheat Council.

1956-1957—U.S. Department of Agriculture.

TABLE XX

IMPORTS OF WHEAT AND FLOUR INTO SELECTED COUNTRIES FROM ALL SOURCES

Crops Years¹ 1947-48 to 1956-57

Crop Year	Luxembourg	Brazil	Denmark	France	Germany (West)	Italy
(Thousands Bushels)						
1947-48.....	28,289	22,954	3,483	52,760	133,806	82,163
1948-49.....	26,411	33,690	3,483	16,777	121,273	92,686
1949-50.....	23,744	37,740	908	11,758	89,824	36,604
1950-51.....	37,739	54,043	2,175	10,189	96,746	63,339
1951-52.....	30,203	50,001	1,984	35,660	80,505	59,506
1952-53.....	25,721	51,845	3,009	10,674	83,812	45,636
1953-54.....	27,484	59,929	4,835	9,987	87,670	22,891
1954-55.....	25,103	59,367	13,952	8,029	106,020	18,816
1955-56.....	17,516	62,446	11,949	16,954	93,862	26,694
1956-57 ²	17,637	62,464	8,135	65,874	117,999	19,816

Crop Year	Japan	Netherlands	Sweden	Switzerland	Turkey	United Kingdom
(Thousands Bushels)						
1947-48.....	45,558	28,498	6,515	15,381	345	198,721
1948-49.....	66,234	28,429	2,410	14,396	—	214,411
1949-50.....	76,956	24,684	2,811	11,060	12,802	167,419
1950-51.....	61,718	26,834	2,998	16,505	2,829	162,205
1951-52.....	63,181	32,570	8,686	12,853	1,653	183,542
1952-53.....	45,378	33,033	8,999	13,264	—	174,569
1953-54.....	86,972	34,098	1,124	15,506	—	143,888
1954-55.....	72,018	30,005	434	13,698	6,243	188,892
1955-56.....	83,412	33,418	2,245	9,935	3,465	193,581
1956-57 ²	87,939	33,863	2,168	21,414	11,163	184,108

¹ July-June year.² Subject to revision.

Source: Food and Agricultural Organization of the United Nations—World Imports of Wheat and Wheat Flour.

TABLE XXI

SCHEDULE OF CANADIAN WHEAT BOARD PAYMENTS FOR No. 1 NORTHERN WHEAT BASIS IN STORE FORT WILLIAM/PORT ARTHUR OR VANCOUVER

Crop Years 1943-44 to 1956-57

Crop Year	Initial Payment	Adjustment Payment	Interim Payment	Final Payment ¹	Total Realized Price ¹
(Dollars per Bushel)					
1943-44.....	1.25	—	—	.123	1.373
1944-45.....	1.25	—	—	.189	1.439
1945-46.....	1.25	.50	—	.084	1.834
1946-47.....	1.35	.40	—	.084	1.834
1947-48.....	1.35	.40	—	.084	1.834
1948-49.....	1.55	.20	—	.084	1.834
1949-50.....	1.75	—	—	.084	1.834
1950-51.....	1.40	.20	—	.258	1.858
1951-52.....	1.40	.20	—	.236	1.836
1952-53.....	1.40	.20	.12	.099	1.819
1953-54.....	1.40	—	.10	.064	1.564
1954-55.....	1.40	—	.10	.151	1.651
1955-56.....	1.40	—	.10	.109	1.609
1956-57 ²	1.40	—	—	—	—

¹ Final payment and final realized price after deduction of Board operating costs, but prior to deduction of P.F.A.A. Levy.

² Pool account not closed out at date of report.

TABLE XXII

SCHEDULE OF CANADIAN WHEAT BOARD PAYMENTS FOR No. 2 CANADA WESTERN OATS BASIS IN STORE FORT WILLIAM/PORT ARTHUR

Crop Years 1949-50 to 1956-57

Crop Year	Initial Payment	Adjustment Payment	Final Payment ¹	Final Realized Price ¹
(Cents per Bushel)				
1949-50.....	65	—	19.1	84.1
1950-51.....	65	10	9.8	84.8
1951-52.....	65	—	18.8	83.8
1952-53.....	65	—	9.1	74.1
1953-54.....	65	—	5.5	70.5
1954-55.....	65	7	8.7	80.7
1955-56.....	65	—	14.8	79.8
1956-57 ²	65	—	—	—

¹ Final payment and final realized price after deduction of Board operating costs, but prior to deduction of P.F.A.A. levy.

² Pool account not closed out at date of report.

TABLE XXIII

SCHEDULE OF CANADIAN WHEAT BOARD PAYMENTS FOR No. 3 CANADA WESTERN
6-ROW BARLEY BASIS IN STORE FORT WILLIAM/PORT ARTHUR

Crop Years 1949-50 to 1956-57

Crop Year	Initial Payment	Adjustment Payment	Final Payment ¹	Final Realized Price ¹
(Cents per Bushel)				
1949-50.....	93	—	58.0	151.0
1950-51.....	93	20	21.1	134.1
1951-52.....	96	20	13.3	129.3
1952-53.....	96	15	13.5	124.5
1953-54.....	96	—	10.0	106.0
1954-55.....	96	10	4.5	110.5
1955-56.....	96	—	12.8	108.8
1956-57 ²	96	—	—	—

¹Final payment and final realized price after deduction of Board operating costs, but prior to deduction of P.F.A.A. levy.

²Pool account not closed out at date of report.

By Mr. Gundlock:

Q. Mr. Chairman, yesterday we discussed a certain figure for administrative costs. Is there a figure that shows total cost?—A. Yes, Mr. Earl, our comptroller, will deal with that if he may.

Mr. C. E. G. EARL (*Comptroller, Canadian Wheat Board*): I believe, sir, your question is, whether in cents per bushel or percentage-wise you can have the operating costs for wheat. I believe you referred specifically to wheat. If I may refer you to the supplementary report for the final operating statement, we show the total costs covering the operating expenses of the board.

The CHAIRMAN: On what page is that?

Mr. EARL: In the "Statement of Operations" the carrying charges on wheat stored in country elevators, shows an item of \$36.8 million which is 10.192 cents per bushel, basis producers' deliveries. Storage at terminal elevators and mills, \$12.8 million, is 3.550 cents per bushel. Net interest paid to agents \$4.8 million, 1.331 cents. This gives a total of 15.073 cents. Carrying charges received under the Temporary Wheat Reserves Act from the government were \$33.1 million or 9.170 cents, leaving a net carrying charge paid by the producers of \$21.3 million or 5.903 cents.

Net additional freight \$3.5 million or .971 cents per bushel.

Then, the next three items are rather small in comparison with the others so I have grouped them and they amount to .289 cents. Administrative and general expenses \$2.0 million or .559 cents, giving a total carrying charge rate per bushel of 7.722 cents, representing in total money \$27.9 million.

Mr. GUNDLOCK: Thank you very much.

By Mr. Muir (Lisgar):

Q. Just before we leave that item have we had a breakdown of the various stocks of grain in store in merchantable condition? Have we had that figure given?—A. Do you mean as at the present time?

Q. As of today?—A. Do you just have in mind wheat, or all grains?

Q. Wheat, oats and barley.—A. This is at July 23, the date of the last report of the Board of Grain Commissioners. Commercial wheat visible was 383.0 million bushels, commercial oats 40.5 million bushels, barley 53.3 million bushels.

Q. Would you read those figures again.—A. Wheat 383.0 million, oats 40,520,000, barley 53,333,000. Those were the stocks in commercial position as at July 23, 1958. Is that the information you want?

Q. Yes. You would not have any information as to what private stocks are held?—A. No, we have not, but we have an indication from the questionnaires that elevator agents have given us from time to time in which they indicate the quantity of grain that in their opinion is available for delivery into commercial channels, grain still on farms which farmers would like to market after deducting their own feed and seed requirements.

As at July 23, based on the latest information we have received from the elevator agents, there were 167.7 million bushels of wheat that the agents indicated were still on farms available for marketing, 42.9 million bushels of oats and 24.6 million bushels of barley, 2.8 million bushels of rye, 700,000 bushels of flaxseed or a total of 238.7 million bushels.

I should say that many of the people in the grain trade question very much the validity of these estimates and express the opinion that they think these farm stocks are higher than they actually are.

By Mr. Nasserden:

Q. Would you read those over again?—A. Wheat 167.7 million bushels, oats 42.9 million bushels, barley 24.6 million bushels, rye 2.8 million bushels, flaxseed 700,000 bushels, total 238.7 million.

I might advise the committee that another survey is being completed at the present time as at July 31, at the end of the crop year, and we hope within the next two weeks to have a more accurate estimate of the stocks that are on the farms according to the elevator agents.

In addition to these figures the Bureau of Statistics make a survey at the end of the crop year and they will be publishing the figures of their estimate of farm stocks.

By Mr. Muir (Lisgar):

Q. What is the total grain storage, I mean your capacity?—A. The rated capacity in Canada is 636 million bushels. We estimate that the maximum storage capacity, that is, the quantity of grain that they can actually store for this rated capacity is 556.6 million bushels.

Q. Is that leaving working space?—A. Allowing for working space we estimate the seasonable working capacity, that is, when the Lakehead is unloading and handling grain, that there is a further reduction to 503 million or approximately 500 million during the shipping season. At the close of navigation when the terminals can fill up, then we can get up to 556 million; but normally we estimate the working capacity at 503 million.

Q. Considering the short crop that we feel is coming up, would you consider that this looks excessive at all, the amount of grain that we have on hand?—A. I would like to see it somewhat lower; but as I said yesterday, I do not want to see our stocks get reduced to too low a level. I would say this, that provided our hopes are realized and that we can export another 300 million bushels of wheat and estimating the new crop, at 300 million, then in theory it may be possible to provide commercial storage to take all the grain off the farms during the coming crop year. We still have a large commercial supply; but in theory there should be enough commercial storage to take all the wheat off the farms if we can export 300 million bushels during the next 12 months.

By Mr. Thomas:

Q. I wonder if Mr. McNamara could give us the latest estimated yield for the present crop?—A. Mr. Chairman, the first thing that I learned when I went into the grain business 30 years ago was never to try to estimate a crop at this stage. Notwithstanding that, I can give you a personal opinion. I think the western wheat crop as it stands today will yield something in the neighbourhood of 300 million bushels as compared with a production of 375 million last year. It will be lower than last year; but the crop, particularly in Saskatchewan, has made a marvellous recovery in the last two or three weeks and I am hoping the wheat production will be in excess of 300 million bushels.

Q. What about oats and barley?—A. I would not hazard an estimate in respect to these grains except to say that I think the reduction in the yield of both oats and barley as compared with wheat will be greater. I would estimate we will not have as much oats or barley as we had last year. Wheat has made a recovery, but oats and barley were damaged more severely and I do not anticipate as good production.

By Mr. Southam:

Q. As a matter of information and talking about handling charges and production and so on over this last period of four or five years, what has been the relative decrease or increase in relation to the cost of handling charges, and the administration of the board? I am thinking you have had a much larger volume of grain to handle. Have our relative handling charges gone up or down? I am thinking of that in comparison with our economy, the higher cost of handling and everything else?—A. The handling charges today paid to the country elevator companies are the same as they have been for a number of years, there has been no increase in the rate they have been allowed, but the storage charges have been increased. The rate of storage was increased two years ago from 1/35 of a cent per bushel per day to 1/30 of a cent at the terminals and last year that same increase went into effect in the country elevators. All the increase has been in the storage rates, not in the country handling margins.

By Mr. Pascoe:

Q. Mr. Chairman, I wonder if it would be a fair question to ask Mr. McNamara if he anticipates possibly in addition to the initial delivery whether there will be a one bushel quota or a two bushel quota early. Is that a fair question to ask?—A. Well, it is the shooting season; I guess everything if fair. It is difficult to answer that question, Mr. Pascoe, because we have different conditions in the different areas of the west. There are certain areas where there is space available now for the unit quota, and only small additional shipments will be required to enable us to start taking the regular quota off the farms. But there are other areas where the elevators are completely congested areas which rely mostly on a movement to Port Arthur and Fort William. That movement will be very slow for the next few months unless something unexpected develops. So I am afraid we will be confronted with a picture where in one area it will take some time to increase the quota whereas in other areas we can increase the quotas much more rapidly than last year.

Q. Will they be opened as quickly as they can be?—A. Oh yes, we have always worked on the policy that as space becomes available that space should be made available for producers' deliveries.

By Mr. Horner (Acadia):

Q. Now that we are on this question of storage and the amount of wheat in storage, you said yesterday that the government pays the storage on 178 million bushels?—A. Over 178 million bushels.

Q. It is over 178 million bushels?—A. Yes, as at July 31. When the figure for July 31 is set, the government will pay us a year's storage in 12 monthly payments based on the quantity in commercial storage in excess of 178 million bushels, which is considered the normal figure.

The CHAIRMAN: On behalf of the committee, Mr. McNamara, I am sure we wish to extend to you our sincere appreciation—to you and Mr. Robertson and Mr. Treleaven and the other staff here—for coming down and being with us yesterday and today.

We certainly appreciate it and I know that the members of this committee will agree with me that the information you have given them is educational and informative. We hope to see you again, perhaps next year, and I also wish to thank the committee myself for the cooperation which I have received from you in taking up this report of the Canadian Wheat Board and the supplementary report.

Again thank you very much for your time and efforts and the informative information which you have given this committee.

The WITNESS: Thank you very much, gentlemen. We have enjoyed the privilege of appearing before you and discussing these problems with you. Thank you very much.

The CHAIRMAN: I hope our committee will not leave. We are getting down near the end of a quorum here and if we drop below 15, you know what happens. It is a kind of black mark for us to have to adjourn because of not having a quorum.

When the members of the Wheat Board get their paraphernalia gathered up here, we will call the Board of Grain Commissioners and go on with the committee.

Gentlemen of the committee, we are fortunate in having with us here this morning, the Board of Grain Commissioners. There are parts of their report which is comparable to the report of the Canadian Wheat Board which we have just received. Mr. Milner, the chief commissioner, will take up with you the report of the Board of Grain Commissioners.

First, I will ask Mr. Milner to introduce the members of the board whom he has with him. Then Mr. Milner will go through and give you an explanation of the points he has in mind, and after that we will take up the report paragraph by paragraph the same as we did with the report of the Canadian Wheat Board.

Mr. R. W. Milner (*Chief Commissioner, Board of Grain Commissioners for Canada*) called:

The WITNESS: Mr. Chairman and gentlemen, we are very glad to be here to present this report to you which we have done for a good many years before committees of this kind.

As suggested by the Chairman, I will introduce to you the members of our board: Mr. S. Loptson, Commissioner; Mr. G. McConnell, Commissioner; Mr. W. J. MacLeod, Secretary of the board; our Chief Chemist, Dr. J. A. Anderson; Mr. M. J. Conacher, Chief Grain Inspector and Mr. E. Baxter, Chief Statistician.

I will ask the secretary to read this report which you have before you. The first 2½ pages contain statistical figures. These figures were obtained by the Canadian Wheat Board from our statistical branch and were also included in their report.

Mr. W. J. MACLEOD (*Secretary, Board of Grain Commissioners for Canada*):

Winnipeg, Manitoba,

January 24, 1958.

The Honourable Gordon Churchill, M.P.,
Minister of Trade and Commerce,
Ottawa, Canada.

Sir:

We beg to submit herewith Report of the Board of Grain Commissioners for Canada for the year 1957 in compliance with Section 23 of the Canada Grain Act.

This report records information and statistics relating to grain handlings for the crop year August 1, 1956 to July 31, 1957, expenditures and revenue for the fiscal year April 1, 1956 to March 31, 1957, and summarizes the major activities of the Board for the 1957 calendar year.

Grain Supplies and Disposition—Crop Year 1956-57

Heavier crops, reduced exports, increased domestic usage and a record closing carryover featured the 1956-57 grain crop season in Canada.

A total of 827.4 million bushels of the five principal grains were on hand August 1, 1956, either in licensed storage, in farmers' bins or in transit between positions. To these supplies the substantial 1956 crops added an all Canada production total of 1,409.7 million bushels made up of 573.1 millions of wheat, 524.4 millions of oats, 269.1 millions of barley, 8.6 millions of rye and a record 34.5 millions of flaxseed. This available supply total of 2,237.1 million bushels of the five principal grains represented a 353.4 million bushel grain over the 1955-56 Crop Year level.

Export shipments, either as grain or in the form of wheat flour and milled oats, absorbed 385.4 million bushels of these supplies. Canadians, themselves, used a record quantity—732.0 million bushels of the five grains—for human consumption, commercial products, animal feed and seed during the crop season. Despite this heavy combined disappearance of 1,117.4 millions the volume of grain held at the close of the crop season on July 31, 1957, amounted to 1,119.7 millions—a record year end carryover.

Grain movement from farm to market maintained a moderate steady pattern during the 1956-57 crop season. Shipping during the fall months was heavier than over the opening period of 1955-56 but winter and spring handlings were light and in comparison did not rise to the peak levels recorded during the previous year. The overall volume, however, compared favourably and represented above average handlings in most sectors—an exception being the eastern seaboard traffic which declined noticeably during the year under review.

Marketings

Primary grain deliveries from Canadian farms to the licensed elevator system totalled 588.7 million bushels of wheat, oats, barley, rye and flaxseed, combined. This inward volume represented a 20.0 million bushel increase over

1955-56 marketings and was the fourth heaviest delivery total on record. Receipts at western country elevators accounted for 578.6 million bushels of this total; prairie farmers marketed a further 6.5 million bushels at other interior elevators and mills, and shipped .3 million bushels over loading platforms. A slightly increased volume of eastern grown grain, chiefly wheat, moved into the licensed system during 1956-57—3.3 millions compared with only 1.4 millions in 1955-56.

Country Elevator Shipments

Grain car loadings at country points over the Crop Year totalled 560.7 million bushels and exceeded the previous year's rail movement by 20.9 millions. Shipments of wheat—359.4 millions, and of flaxseed—26.9 millions, were heavier than during the previous year; barley movement was steady at 116.0 million bushels while rail traffic of oats (52.5 millions) and rye (5.9 millions) was down from 1955-56 levels. A slightly higher percentage of these cars moved westward—24.2% compared with 21.0% in 1955-56.

Terminal Handlings

These heavier country elevator shipments were not paralleled by similar forwarding at the Lakehead. Fort Williams-Port Arthur grain unloads at 351.0 million bushels all grains were 17.3 millions above the previous year but declines in the vessel loadings of wheat, barley and rye cut the total outward movement to 329.6 million bushels compared with 348.0 millions in 1955-56. As a result Lakehead terminal stocks were held at a relatively high level throughout the season; an average storage of 64.1 million bushels of the five principal grains was recorded over the year and a peak stock of 81.6 million bushels was reached just prior to the opening of navigation.

This reduced Great Lakes traffic stemmed from a sharp decline in Eastern Seaboard exports and a consequent slowdown throughout the eastern system. Canadian Atlantic Seaboard ports, St. Lawrence and Maritime, reported a 47.8 million bushels drop in ocean shipping during the crop year. Movement during the fall months of 1956 was relatively strong but clearances from February to July, 1957, were only a fraction of the previous season's closing export traffic. Minor gains in shipments of flaxseed were offset by a drop of 49.1 million bushels in wheat clearances (101.5 millions) and total vessel loadings of the five principal grains combined through this ocean shipping sector amounted to only 145.2 million bushels compared with 193.0 millions handled by these eastern seaboard elevators in 1955-56.

The Port of Churchill, shipping during the stronger fall export period, increased its overseas wheat loadings in 1956-57 to 48 boats with a total cargo of 16.3 million bushels of wheat.

In contrast to the reduced eastern seaboard traffic, Pacific coast terminals established a new all-time record for ocean grain shipments during the 1956-57 season. The 139.0 million bushels of wheat, oats, barley and flaxseed loaded to ocean vessels were approximately 5.1 million bushels heavier than the former combined grains record established in 1953-54 and were more than 25.0 millions above the 1955-56 outward movement.

Exports

Canada's 1956-57 grain and flour exports were made up of 228.3 million bushels of wheat, 34.5 millions of wheat flour (expressed in terms of wheat bushels), 18.3 millions of oats, .4 millions of milled oats (grain equivalent), 76.9 million bushels of barley, 5.4 millions of rye and a record of 21.6 million bushels of flaxseed. The combined grain and flour total of 385.4 million bushels although down 16.7 millions from 1955-56 levels, was still 67.5 million bushels

better than the long term, 30 year average of Canadian grain and flour exports (317.9 million bushels). As noted in the forwarding review, the shipping pattern was in definite contrast to the heavy closing trade recorded in 1955-56. Shipments during the first six months totalled 206.0 millions and were 51.4 millions above the exports for the opening half of 1955-56; from February 1, 1957 to July 31, clearances dropped to 179.4 million compared with 247.5 million bushels moved during the last half of the preceding season. Principal reduction in the Canadian export trade was in clearances of wheat in grain form—down 40.9 millions from the previous year. This drop, coupled with more moderate declines in clearances of wheat flour and rye, reduced Canada's share of an expanding international bread grain trade to an estimated 22% compared with 28% of the 1955-56 world movement. Compensating in part for the lighter wheat and rye exports were expanded clearances of Canadian oats, barley and flaxseed. Oats exports including rolled oats and oatmeal climbed to 18.7 million bushels from 4.1 millions in 1955-56; barley clearances advanced 12.6 millions to 76.9 millions. Exports of Canadian flaxseed at 21.6 million bushels represented an all-time record for clearances of this grain. These heavier coarse grain clearances increased Canada's percentage of the world coarse grain trade to an estimated 16% compared with approximately 14% in 1955-56.

Domestic Usage

Crop year balances indicate a Canadian domestic grain disappearance of approximately 732.0 million bushels during 1956-57. This includes grain used on farms for seed and feed as well as quantities absorbed by mills and processors for the production of flour for Canadian use, cereals, feed products, oils, industrial alcohol, malt and other commercial products derived from grain. This consumption represented a further increase in Canadian home grain usage which has been rising steadily over the past several years.

Carryover

The supplies of 1,119.7 million bushels of the five principal grains held by Canada in elevators, in transit and in farm bins at the close of the season represented a record July 31 carryover. These supplies were approximately 35% above the 827.4 million bushels held in similar position on July 31, 1956, and some 141% above the ten-year (1947-56) average of 464.0 millions. An increase of 34.4 million bushels in the volume of wheat in licensed storage was the only major change in the quantities held in visible elevator and transit positions with the big increases in year end stocks of wheat and oats occurring in farm held supplies which were at the highest levels on record. The breakdown of the July 31, all-position carryover with last year's totals in brackets was estimated as follows:—wheat 729.2 (579.6), oats 226.1 (119.1), barley 142.7 (110.9), rye 14.1 (15.3), and flaxseed 7.6 (2.5) all millions of bushels.

Licensing and Bonding

The total licensed storage capacity at July 31, 1957, was 628,302,350 bushels including 15,142,090 bushels in special annexes. Licenses were in effect for 5,468 country, terminal, mill and eastern elevators; an increase of 13,623,450 bushels capacity and a decrease of seventeen licenses over the same date in 1956. Approximately one-half of the increase in storage capacity occurred at country elevators.

The CHAIRMAN: Are there any comments?

By Mr. Jorgensen:

Q. What does the decrease of 17 licenses include?—A. Each elevator is licensed under our board and it may be that elevators were wrecked and were not relicensed.

The CHAIRMAN: Are there any further questions?

By Mr. Rapp:

Q. Would the storage capacity mean new annexes or new elevators?—A. To what item are you referring; the increase of 13 million bushels?

Q. Yes. "Approximately one half of the increase in the storage capacity occurred at country elevators."—A. It says one half of it; that would be 6,800,000. It was an increase in country elevator capacity.

Q. It would be the building of new annexes.—A. Annexes, as a rule; but the annexes built at the country elevators were on railway sidings.

By Mr. Southam:

Q. Would they require separate licences?—A. No. When they are applying for a licence they must show their capacity for an annex, and that is shown in this figure here. Page 20 would show the comparison—right down at the bottom. You will see the number of licences and the licensed capacity.

The CHAIRMAN: We will go on to the paragraph headed "Assistant Commissioners".

Mr. MACLEOD:

Assistant Commissioners

Through its four Assistant Commissioners, the Board kept in close touch with the operation of licensed country elevators in the Western Division. During the year 1957, the Assistant Commissioners inspected 687 elevators in Manitoba, 1,043 in Northern Saskatchewan, 891 in Southern Saskatchewan, and 1,625 in Alberta, a total of 4,246. This inspection included checks on scales, sieves and certain other equipment; deductions for shrinkage and Prairie Farm Assistance Act Levy; and posting of current Board Regulations applying to country elevators.

Complaints originating from country points totalled 28, including 3 carried forward from 1956, as compared with 38 in the previous year.

Disposition of complaints investigated was as follows:

	Manitoba	Saskatchewan	Alberta	Total
No grounds for complaint	—	10	1	11
Settlement effected	1	7*	—	8
Outside jurisdiction of Board	—	1	—	1
Penalty levied against licensee	—	1	—	1
Licensee warned	1	—	—	1
Complaint withdrawn	—	5	—	5
Not yet disposed of	—	1	—	1
Totals	2	25	1	28

*Includes one formal investigation.

The Assistant Commissioners received and handled numerous inquiries on various matters related to country elevator operation. They also discussed accumulated overages with elevator agents concerned.

The CHAIRMAN: Any comments on this?

By Mr. Pascoe:

Q. I see that you have a total of 28 complaints. I suppose that they are major complaints?—A. No. Those were complaints dealt with by the board. There are, of course, differences of opinion between buyers and sellers in any commodity, and we have lots of differences of opinion in respect of grades in the country elevators. When there is a difference of opinion which cannot be settled, and it comes before our board, or if it is a violation of our act, those matters are dealt with in the original instance by notifying the assistant commissioner to make an investigation and to make an attempt to

settle the thing on the spot. If that cannot be done, it is referred to the board for our consideration. By and large our assistant commissioners are able to negotiate a settlement between the disgruntled parties and the thing is usually fixed up.

As a matter of information for the committee, in respect of any complaint which we have we open up a file on it and head it "Complaints and reasons for them" and the file will consist of the report and the investigation which we have made in respect of it and the file finishes with a statement from the complainant that he is satisfied with the adjustment which he has received. It is all buttoned up in that way. That did not use to be the case.

By Mr. Jorgenson:

Q. Do these complaints in respect of feed mills come under your jurisdiction? I understand there are some feed mills which are going to be prosecuted?

—A. You mean these violations in the obtaining of supplies?

Q. Yes.—A. That does not come under us. It comes under the Canadian Wheat Board.

The CHAIRMAN: We will now take the item "Prosecutions".

Mr. MACLEOD: One penalty for a breach of Section 6 of Board Regulation No. 18 was levied and collected in the amount of \$200.

The WITNESS: I may tell you that was for violation of the car order book regulations where an agent, on a car order book application for a car, instead of loading the farmer's grain, loaded his own grain. That was distinctly in violation of our regulations and we slapped a fine on him.

By Mr. Muir (Lisgar):

Q. Do you have much trouble with treating of grain?—A. You mean with mercurial treatment and such things?

Q. Yes.—A. Yes. We have had a considerable amount of trouble on that. There is a very heavy fine under our act. When the grain comes in our inspector condemns it. It is readily discernible. The grain treated with Panogen becomes a pinkish colour. A sample is taken and we do not permit that grain to go into commercial channels, other than for feed. It has to be diluted depending on the number of treated kernels which are in the sample. It is very difficult to trace the origin of it because it comes in and the agent does not know which farmer delivered it. We do have trouble in this connection, but we can handle it.

The CHAIRMAN: "Shortages and overages, Country Elevators".

Mr. MACLEOD:

Shortages and Overages, Country Elevators

Due to continuation of the congested storage situation at licensed country elevators in the Prairie Provinces, only 1,452 out of a total of 5,360 elevators could be weighed over during the crop year 1956-57 by the companies operating them. The following table contains an analysis and comparison of the results disclosed by these audits:

ELEVATORS REPORTING	1956-57	1955-56
Shortages	481	627
Neither overages nor shortages	2	2
Overages of less than .25%	677	738
Overages of .25% to .50%	224	219
Overages over .50%	68	67
Total elevators weighed over	1,452	1,653

The Board considered that reported overages for some of the elevators were excessively high and summoned a total of ninety-four elevator agents to appear before it at hearings held at Winnipeg, Regina, Saskatoon, Calgary and Edmonton. At these sessions, members of the Board and Assistant Commissioners interviewed the agents and examined records concerning their operations in the presence of superintendents and other senior officials of the elevator companies concerned.

By Mr. Forbes:

Q. Yesterday I asked a question, to which I did not receive an answer, in respect of the figure of overages to the extent of something better than one million bushels. It seems that this is quite a lot of overage. I believe that that is under the control of your board. Is that an excessive overage?—A. No. The figure which the wheat board gave you consisted of the overages which occurred in the terminal elevators and those which came from any other sources, and not that which came all together from overages in country elevators.

We are never happy when there is an overage in a country elevator and we do an enormous amount of checking. As stated in this report, we hold meetings each year throughout the country and we have insisted, in the last few years, that not only the agent appear before us but also the traveller in the territory, the superintendent, and the officials of the company. We are bringing home to them the fact that we do not want any overages.

I will say this, that our overages in the period under review amount to about nine one hundredth of one per cent on the elevators which were weighed over. We have had it down as low as .02 per cent. The thing seems to fluctuate. I believe the reason why these overages have come up recently is that 43.6 per cent of the elevators which were weighed over and for which we have cut-offs, and to which there has been reference, had not been weighed over since 1953. So that you had a five year period. It is very difficult. You have changes of agents and one thing and another, and it is difficult to pin down the responsibility for an overage.

I do not like overages and I do everything possible to stop them. We do not like the country elevator overages because that is something which concerns the producer. But when we get to the overages which occur in terminal elevators, that might be quite a legitimate and proper overage and it could be occasioned by the fact it is grain which is salvaged from screenings and from thin grain which goes through on the sieves, and so on, which is put into the feed grades.

So that while we do not like overages in terminals, we do not take the same dim view of terminal overages as we do of the overages which occur in country elevators because the grain as it leaves the country elevator has passed out of the farmers' hands. If the terminals can salvage some grain from the screenings, and they have the equipment to do it, I think it is a proper and a sensible operation.

Q. Are the overages here for a specified grain like wheat, and so on, or is it an average?—A. It is an average.

By Mr. Southam:

Q. I think the significant thing is that in the inspections last year you were only able to inspect a total of 1,452 out of a total of 5,360?—A. Yes.

Q. And if you could do it annually and inspect them all you would not have that percentage?—A. That is right. I can assure you it would be a very small percentage. Any of you gentlemen who are familiar with the operation of a country elevator will realize that when you get down to a fraction of 1 per cent you are getting down fairly close in the weighing conditions which exist in a country elevator. I would, of course, like to see them come out absolutely even.

By Mr. Gundlock:

Q. Actually you are allowed one-half of 1 per cent under the statute.—
A. Not in the country elevators; nor in the terminal elevators.

By Mr. Thomas:

Q. Is there not a deduction which any elevator company can make under the statutes?—A. Yes. There is a shrinkage allowance.

By Mr. Southam:

Q. I would like to make the comment that I sincerely approve of the attitude of the Board of Grain Commissioners on these overages and in having inspections and having the officials of the company and some of the travellers as well as the agents attend at the discussions.—A. That was not the previous practice. We changed it more than three years ago.

Q. I think that was a good move.

By Mr. Nasserden:

Q. Was the shrinkage allowance increased a few years ago?—A. I will give you the changes which have been made in the shrinkage. I think we reduced it on some and increased it on others. We reduced it, for instance, on flax.

By Mr. Pascoe:

Q. I do not know whether or not this is the right place to bring this up. Mr. Milner mentioned that grain is salvaged from screenings. What do they do with the final screenings.—A. Some of those are carted away to nuisance grounds and some of them are sold. They have, at times, made them into these fire logs. It will burn. For instance, at Churchill their power is developed from the use of screenings as a fuel. The B.T.U. units in it are not very high, but they still use some refuse screenings there.

By Mr. Muir (Lisgar):

Q. Are screenings sold by the carload to eastern buyers?—A. Yes; but the bulk of it is sold to Duluth in boat loads.

By Mr. Horner (Acadia):

Q. Do we not have a market for it in Canada?—A. Apparently not.

Q. Was there not, at one time, a law against shipping grains back into the prairies?—A. That came under the Noxious Weed Act under the Department of Agriculture. It was felt that screenings dripping out of a wagon box would spread around noxious weeds.

Q. Is it still against the law?—A. I believe it is. It is under the Department of Agriculture and under the Noxious Weed Act.

Q. If it is still against the law how is it that there are still screenings coming back from Vancouver into Alberta via boxcars.—A. Well, sir, we do not administer or have anything to do with the Noxious Weed Act. It was nothing to do with our board, but the Department of Agriculture could perhaps answer that.

By Mr. Forbes:

Q. Mr. Chairman, it would come under the reclaiming of screenings, which is under the plant products department.—A. I am not sure what department, but I know very well it does not come under our Act. There are certain types of screenings that are sold out of Vancouver. They do a lot of grinding of

screenings out there and there are other additives added—molasses and so on. They sell them in pellet form and they guarantee the protein and fibre content of the screenings. There has been a market for that in California, and the state of Washington.

The CHAIRMAN: "Regulations and orders."

Mr. MacLEOD:

Regulations and Orders

Regulation No. 4 was repealed by the Board on October 28, 1957 and replaced by a new Regulation No. 4 which includes provisions applying to licensed eastern elevators in regard to cleaning of grain and bins.

Minor amendments were made to Regulations Nos. 5, 6 and 15 effective August 1, 1957, to include percentages applying to rapeseed.

Section 20 of Regulation No. 18 was amended effective August 1, 1957 by revising the table of dockage testing equipment and including therein additional items related to rapeseed and mustard seed.

Regulations Nos. 20, 21 and 22 were also amended effective August 1, 1957 by increasing certain maximum elevation charges for eastern, country and terminal elevators. The provision for fifteen days free storage between January 1 and March 31 at eastern elevators was removed from Regulation No. 20. In Regulation No. 21, the Allowance for Invisible Loss and Shrinkage on Flax delivered to country elevators was reduced by one-half of one per cent, to one per cent on straight grades and one and one-half per cent on tough and damp grades. In Section 10 of Regulation No. 20, weights per bushel to be used in assessment of eastern elevator charges were established for rapeseed, mustard seed, peas, soybeans and sunflower seed.

By Order No. 1—1957-58, dated October 16, 1957, the Board altered, effective October 21, 1957, the provisions of a portion of Regulation No. 5 to effect a change in the procedure for grading of Western Barley containing stones, gravel or like material.

By Order No. 2—1957-58, dated October 18, 1957, the Board renewed until further notice its suspension of a provision of Regulation No. 23 relating to storage of grain at licensed country elevators.

By Mr. Gundlock:

Q. Mr. Chairman, that last paragraph, could that be explained in relation to regulation No. 23?—A. There is a requirement under our regulations that grain may be stored only in licensed premises, and not otherwise. There had been a demand to have railway cars out of turn sent in to points, and that goes to the car committee who deals with it, for the purpose of renovating annexes, floors to be renewed or something like that. Rather than send them the extra cars, we changed our regulation to permit elevator companies to put the grain on the ground outside the annexes, until they made their annex repairs and then load it back into the annex again. Otherwise, they could not have placed the grain on the ground and continued to obtain storage charges or carrying charges from the Canadian Wheat Board while it was in that position. So that the grain was taken out of the storage annex, put on the ground, the repairs made to the storage annex, and the grain put back in again. That was the only purpose of that change in regulations.

Q. Where then is the regulation, if I may ask, that allows certain individuals to store grain and to be paid for it? I have in mind, Mr. Chairman, the customs man, for instance, in the customs port of Coutts in Alberta who has built some 30 or 40 granaries for the purpose of storing grain. Maybe this does not come under your jurisdiction, but it must be regulated some place?—A. Go ahead, sir.

Q. It is simply a side business for him, and, of course, some of us farmers wonder why we cannot do the same thing.—A. Well, sir, under the Wheat Board regulations—they are not here are they? No. They will pay carrying charges only on grain that is stored in premises licensed by our board.

Q. Well, why then would you not license a good bona fide farmer in comparison to a customs man?—A. This would get down to the question of farm storage; I do not think we do license the customs man.

Q. Does the elevator?—A. I do not know, sir. Where is it,—near New Dayton?

Q. Coutts?—A. Well, I will tell you what we will do; we will look it up.

Q. Do not be too hard on him, just extend it a little.—A. We have no record of his being licensed at all, sir.

Q. Well, there are about 30 granaries across the road from the elevators that belong to a private individual that works in the customs office.—A. I wonder if it is American grain that he is storing in there?

Q. Oh no.

By Mr. Forbes:

Q. I wonder if the elevator could rent these granaries from this man and in turn collect storage?—A. Well, he could not collect it unless this was done some years ago, because you know now we do not licence what is termed "offsite storage" and we did that after consultation. We held a meeting with the Wheat Board at their request to consider licensing of offsite storage and we do not licence any more offsite storage,—that is, storage which is not on railway sidings and from which grain cannot be delivered directly into box cars.

By Mr. Gundlock:

Q. You mean you have suspended that recently—A. Yes sir.

Q. Would that apply to these curling rinks?—A. Curling rinks and airport hangars and so on. The ones that had been licensed are still licensed; we did not disturb them, but we are not licensing any more of them.

By Mr. Nasserden:

Q. What is the reason for discontinuing it?—A. The reason for discontinuing it, as far as our board is concerned, is that the grain belongs to the Canadian Wheat Board. They asked our board to meet with them to discuss the question of licensing of those offsite storage places. They said they did not want them licensed any longer,—the grain was out of position and for other reasons. So naturally our board went along with them; it is their grain.

Q. What were the other reasons?—A. I think largely it amounts to this, that grain that gets into a bin that is offsite—as you know it costs money to truck it out there, and it costs money to truck it back, and there is a tendency for that grain to remain there too long. We have a considerable amount of grain now that has been in storage for a good many years in western Canada.

We are concerned about it, not because it looks bad but it becomes what—I guess Dr. Anderson could explain this to you better than I—but we will call it "tired wheat" and it does not behave in quite the same way as wheat which has not been in store too long a time. We have been discussing with the Wheat Board, and I heard Mr. McNamara say yesterday, I think it was, that they proposed to move this wheat slowly from these offsite storage buildings.

By Mr. Rapp:

Q. I asked him that question, and would you be able to elaborate on it? Is it the intention to move the grain out this year because it is a better grade of wheat that is stored on these offsite storage places than some of the grain

that is stored in country elevators, as a rule?—A. Well, every person who stores grain in an annex where it is not readily available is very careful to take good dry wheat; but as far as the quality of it is concerned, some of that wheat has been in there since before 1953. Without looking up exactly the year, it went in—I don't know what the quality of the wheat was and how well it will blend with this—but if we had a good crop quality wheat this year, it would be a good year to get rid of it. I will put it that way.

The CHAIRMAN: "Committees on grain standards".

By Mr. Thomas:

Q. Mr. Chairman, the manner of storage for wheat in southwestern Ontario has become a very important matter to the people in that area especially since this new Ontario wheat marketing board has been set up. I understand that they have had considerable difficulty in negotiating for storage. Not only this year under the new board, but last year, the committee of wheat producers undertook to make arrangements for some storage. I wonder if the chairman of the board of grain commissioners could give us any advice as to how we can proceed to guarantee storage, for instance, in the Walkerville elevator or some of the other elevators that might be used to store western Ontario wheat.—A. Well, sir, I have had some correspondence with Mr. Myers in that regard and I had correspondence with him the year before; but all I did this year was to repeat what I told him the previous year, that the way he could arrange to get his Ontario grain stored is to arrange with the Canadian Wheat Board to move out of those elevators, which they wished to use, sufficient grain to permit the Ontario wheat to come in.

Our board is in this position: under the Canada Grain Act grain must be received by a terminal elevator without discrimination, and in the order in which it is received. This difficulty can arise, that the Wheat Board might create space; but if some other person presents a boat and there is room in the elevator for it, under the terms of the Canada Grain Act the grain must be unloaded.

Now, I had considerable experience with this during the years I was transport controller. We did not have any complaints from the Ontario crowd about it because we did create space. We did not let any other person fill it up, with the result that they had, I think, sufficient space for their needs up until last year and this year. It is a difficult problem.

The elevator licence at Walkerville, as you know, is for the use of the distillery primarily, and under the terms of their licence with our board a considerable portion of their space is reserved for their own use. That is the reason they built it. This leaves very little left for what we would call public storage. If a boat gets in ahead of your Ontario wheat, Walkerville has to unload it. So that it becomes a matter of just an arrangement with Anger Armstrong, who is the manager of the elevator, early enough in the season to get your grain in.

Q. The difficulty, Mr. Chairman, has been there, apparently, lack of cooperation on the part of the management of the elevator. You cannot blame them for protecting themselves. They can make much greater progress by handling boat cargoes of wheat than they can by handling rail cars or trucked wheat.

However, I think a situation occurred in the 1957 crop year in Chatham where there were something like 20 carloads of wheat sitting on the track in Chatham and neighbouring towns and if they could be assured of unloading it in the Walkerville elevator, then by virtue of cheap labour, or water freight rates, they would not have put their wheat out of position, even though they had shipped it in the wrong direction.

They could take advantage of the cheaper rates to Montreal, by water. However, the manager of the elevator there would not, or could not,—the wheat growers felt that he would not—guarantee to hold that space while they could move those 20 car loads of wheat 25 or 30 miles down to Walkerville from Chatham. It meant that if they had moved this wheat down to Walkerville from Chatham, at a cost of about eight cents a bushel by rail and were then unable to unload the wheat in the elevator, it would cost them something like, I believe, altogether 12 or 13 cents a bushel to get that wheat then back to Montreal. So that they did not dare take the chance. They sold the wheat at distress prices.

Not only that, but because of a surplus of wheat sitting on sidings in southwestern Ontario at that time, it had the effect of creating a buyers' market so that those mills and buyers who were in a position to buy and store wheat bought wheat at a great bargain for a number of weeks. That has been the situation that normally prevails in Ontario.

The farmers combine their wheat; they are never too sure that it is completely dry, dry enough to store in the hot climate we have in Ontario; and therefore there is the tendency to take it immediately to the local elevators, and sell it or to store it in the local elevators with the result that there is always a glut created just at harvest time in Ontario. The normal trend is for the price to fluctuate anywhere from 20 to 30 cents up to 50 cents a bushel from harvest time until that harvest glut is over.

So that storage in Ontario is of vital importance, as you have no doubt heard; and it is in the interests of all the people interested in wheat and other grain, in southwestern Ontario, that something be done to guarantee that the grain producers there shall be provided with adequate storage.

They have been very much perturbed the last year or two with this storage situation.—A. I had a letter from somebody down there, some association—I have forgotten the name—who asked me if I would give them an estimate of the cost of handling charges on grain in an elevator they wished to build somewhere along the shore. They were going to build a terminal and I wrote back through the department telling them that unless I knew what their drying and cleaning facilities were and what grain they were going to handle, that I could not arrive at a very accurate handling cost basis for them. I told them I would be glad to come down and take a look at their plans and tell them what I thought it might be in connection with the terminal.

I have not heard anything from them since. I do not know whether that fell through or not.

Q. I think the United Cooperatives of Ontario, their grain division, is now considering a large terminal.—A. Well, sir, to answer your question, I realize your position, but there is nothing our board can do within the act. We can make regulations but the regulations must be consistent with the act; otherwise we would set at nought the act that had been passed by parliament.

I still say to you that the best method of handling it is for these people to contact the Canadian Wheat Board a sufficient time in advance so that they can move grain out to permit movement of Ontario grain in. I know of no other way it could be done, unless they wish to make special binning arrangements with the terminal elevators. Special binning arrangements would involve the payment of rental of the bin, whether they use it or not.

Mr. THOMAS: Thank you, Mr. Chairman.

Mr. FORBES: Can you give us any idea how much wheat is produced in Ontario?

Mr. THOMAS: There is about 20 million bushels a year, from that up. It averages, I think, about 22 million. That is divided into about three divisions; about one-third goes into the flour industry, which goes through commercial

channels, about one-third goes into the feed mixes which also goes through commercial channels, and there is about one-third fed on the farm. So that there is about 14 million bushels which would go into commercial channels.

The WITNESS: We only see about $3\frac{1}{2}$ million bushels coming through the terminals each year.

Mr. FORBES: I think possibly a cooperative elevator would be the answer to your storage problem.

Mr. THOMAS: They are considering that, Mr. Chairman. But there is one thing about Ontario; this area differs from the west in this: the Ontario area is a consuming area, I know there is one local mill in my own home town that has about ten silos and they are the best wheat market there is around there.

They will always pay about five cents a bushel more for wheat because it goes directly into their silos, and is not shipped out again.

By Mr. Rapp:

Q. In regard to the amendment applied to rapeseed, I am farming in a district where maybe the biggest amount of rapeseed is grown—in the Melfort-Tisdale area, and there is considerable concern about dockage. The dockage there is very heavy. It might be attributed to the fact that no elevator companies are buying it; they are just handling it for contractors, like Gordon Ross.

Could those regulations be changed so that it would be handled similarly to flaxseed; and the same, of course, applies to the freight rate. It is a very unjust freight rate as far as rapeseed is concerned.—A. Well, sir, I will answer your two-part question. We have nothing to do with freight rates, so that is a matter I cannot deal with.

The question of the definition for rapeseed and bringing the rapeseed under the regulations of our act so that it could be handled in a country elevator, has been very seriously considered by our board for some time. We have come to the conclusion that we should stay away from it as long as we possibly can. That is the considered opinion of the pools, the grain growers, the line elevator companies, and the board. We think we would be doing a dis-service to the country generally and to the growers of rapeseed.

As you know, a country elevator with all its different dockages and different grades of rapeseed that are grown in the country,—if they attempted to hold a bin for each different grade and each different dockage they could not carry on their regular country elevator business. So the practice is to hold one bin for rapeseed in a country elevator and into that bin goes rapeseed of different grades and different dockages. But the farmers who are delivering it have to authorize a release to the elevator companies that they are willing that rapeseed go in on that basis; and then the carload, when it is collected, is shipped out and I suppose they all get an average of the car.

If arrangements were made to put it under our act and have it handled the same as we handle flaxseed in that elevator it is my opinion you would not get one-twentieth of the rapeseed handled through the elevators that you get handled today. So I think it should be left as it is today and I think by and large it is handled very fairly.

Q. The dockage is only half as much when it is sent through to Saskatoon to the mill as it is to our country elevator. The rate at the country elevator may be eleven or twelve cents higher, while if we get it down in Saskatoon it may be only three or four cents and that may be the reason that it is all perhaps in the same bin.—A. Are you familiar with regulation 18 of our board which tells you how you take a sample of grain when you are delivering it to country elevators?

Q. Yes?—A. If you would do that and send it in, I think probably that would be a good means for you and the other people who are growing it to influence the buyers of rapeseed on dockages.

By Mr. Gundlock:

Q. I might add as a comment there, I think the trouble is that rapeseed is at present graded on the seed standard and also on a commercial standard.—A. That is a difficulty too. There has been some kind of discount for mustardseed content. That mustardseed content was determined by the plant products division. This year we are attempting to get them to try it for one year without a discount for mustardseed content, which they have agreed to do. Mind you, I do not want to see the export quality of our rapeseed lowered in any way. I would like to see the reputation for our rapeseed continue quite high, and it is a good quality rapeseed.

Q. But there is a great difference between the seed standard and the commercial standard, and I think that is what Mr. Rapp is running into. Mustard in rapeseed does not hurt it in a commercial standard.

Mr. RAPP: I think it goes mostly into oil seeds.

Mr. GUNDLOCK: And yet you are faced with the seed standard.

The WITNESS: I think that is some of the difficulty.

The CHAIRMAN: "Committees on grain standards".

By Mr. Muir (Lisgar):

Q. Mr. Milner, this might be a good time to bring up the question mentioned yesterday to the Wheat Board as to why western Canada cannot grow No. 1 northern wheat any more. The farmers are asking, we are asking, elevator agents are asking, and they ask members of parliament; and we are wondering if it is because the grain standards are higher or if there are other factors affecting it?—A. As you know, there are statutory grades under the Canada Grain Act. These do not change. One northern, which graded one northern today, would have graded one northern five, seven or ten years ago. The statutory grades have not changed, the definition has not changed.

Now, you gentlemen who are farmers will realize that there has been a very marked change in the method of harvesting grain. When you had stooks and threshing, the grain came out of the stooks in much better shape than it comes out of swathed grain. I think you all know that I heard you ask the question yesterday, and just as a matter of interest we took off the percentage of No. 1 northern that has been in the crops back to 1925-26.

I start with 1925-26 and I will go right to 1935-36 and 1945-46, and I will do it by year after that. In 1925-26 there was 22.37 per cent of No. 1 northern; in 1928-29 there was only 1.22 per cent of No. 1 northern—that is thirty years ago. In 1935-36 there was 21.26 per cent of No. 1 northern.

Q. What year was that?—A. 1935-36. In 1945-46 there was 31.6 per cent of the crop graded one northern.

By Mr. Thomas:

Q. 1941, did you say?—A. In the year 1945-46, 31.6 per cent was one northern; in 1946-47, 14.4 per cent; 1947-48, 7.7 per cent; 1948-49, 33.6 per cent; 1949-50, 18.9 per cent; 1950-51, 5.2 per cent; 1951-52, .4 per cent.

By Mr. Rapp:

Q. That was our heaviest crop year, 1952?—A. That is right, 1952-53 was 7.4 per cent; 1953-54, 8.3 per cent; 1954-55, 4.46 per cent; 1955-56, 3.51 per cent; 1956-57, 1.3 per cent.

Now, as I said previously the grain not being stooked does not give us as good a colour as it had in the period when we were stooking grain and threshing it. And we have to consider also the varieties which have been brought in—rust resistant species, particularly Selkirk. The straight combining of the wheat also has, as you know, introduced a lot of green grain, rather

than ripe grain. A man operating a combine—you have seen him and so have I—goes right through a field and picks up some pretty green grain with it. All these things tend to affect the amount of No. 1 Northern you are getting.

By Mr. Jorgenson:

Q. Mr. Milner, there is no significant distinction with regard to areas; there are no particular areas that will grow more No. 1 Northern than other areas?—A. Well, over the years that is not correct. In the wooded areas we get the lower grade wheat, in the northern half of the province largely. In the great plains country and south of the main line of the Canadian Pacific Railway particularly in Saskatchewan, we used to get the higher quality grain there as far as grades are concerned and in southern Alberta the same. But you get up into the wooded areas and the quality is not so good.

Q. What I mean is, I know there are types of soil that will perhaps produce No. 1 Northern better than other types, but I wondered if there was any one single area or group of areas that consistently produced it?—A. No; what I would say about that is this, that over the past 25 years you could show a pattern, I believe, of the areas which consistently produced a better grade than other areas.

Mr. FANE: Does that same situation apply with regard to No. 2 northern? We used to grow thousands and thousands of bushels of two northern and now we cannot get No. 2 northern to save our lives.

By Mr. Forbes:

Q. Mr. Chairman, I think you hit on the point when you referred to the varieties of wheat we are getting today. If you compare Selkirk with Thatcher, Selkirk is a less chaff wheat as compared with Thatcher, which was tough stuff and hard to thresh, and which affected its colour. And I think, particularly in Manitoba, most of the wheat we produce today is Selkirk. This discolouration is up where I live where we have a chalky colour. I think that is part of your trouble with the grading today.—A. I may say for the committee that any time I have been in Europe and talked to a lot of mills there who have been in the business for a long time and some of whom I know quite well, they say "Why can't you give us wheat like this"—and they have a jar of Red Fife or Marquis wheat. I am sure, Mr. Minister, you have come across this same thing.

Mr. CHURCHILL: They said that to me last September.

The WITNESS: It is just that we are not growing it.

By Mr. Muir (Lisgar):

Q. Mr. Milner, are there ever any cars at all No. 1 hard grade?—A. I am sure that, if we had, the inspection department would say: "Come and see this". It has passed to an almost non-existent grade at this point.

By Mr. Gundlock:

Q. Mr. Chairman, we referred to a question this morning that I asked, and that was the maintenance of grades or, in other words, what job are the elevators doing in maintaining grades or improving the grades after they buy them?—A. Are you referring now to country elevators or terminals?

Q. Well, elevators generally; in other words, you buy so many bushels of No. 1. How many do you sell, how many can you use to bring four up to three?—A. There is no mixing permitted in the top grades of wheat one, two and three.

Q. They stick to the grades?—A. They stick exactly to the grades and they must come out of the terminal elevator as they went into the terminal elevator.

Q. Does it?—A. Yes, it does.

Q. Do they in a country elevator?—A. Not always. There is no prohibition on the mixing of grades in country elevators. There is a prohibition on the mixing of grades in terminal elevators. To show you the complexity of such arrangements, as you know, there are probably 429 grades of wheat alone that the Wheat Board handled this last year. Now, you cannot ship 429 grades. There is no market for some of those grades, so there is a lot of mixing goes on in the lower grades in terminal elevators. But all that mixing—is under the complete control of the Canadian Wheat Board—when a car of wheat is unloaded at the terminal elevator a warehouse receipt is issued for the grade which goes into the terminal. Now, if a terminal wants for the purpose of conserving space in the elevator, to mix five or six different low grades of wheat together, and have something that perhaps our inspectors would grade sample grain or something like that, they must buy the grain from the Canadian Wheat Board at whatever price the Canadian Wheat Board puts on it. They must sell back to the Canadian Wheat Board the resultant mixture at whatever price the Canadian Wheat Board puts on it. The Wheat Board has a pretty sharp pencil; they have taken out any profit that there has been in the past in the mixing of those low grade grains.

Q. I do not like to take too much time, but in reference to strains of wheat, I have consistently grown Marquis when the season appeared right, but the grain business has deteriorated until there is no longer any advantage. Naturally as a farmer, I just wondered what had happened to it, and yet you sit here and talk about the old Marquis.—A. Well, sir, I do not know what you mean by saying the grading has deteriorated?

Q. Well, our Marquis is no better than anything else.

By Mr. Horner (Acadia):

Q. I would say the grading has tightened up. I do not say it has deteriorated. I would say it has tightened up. As pointed out, there has been a lot of combining done from 1940 and 1941 on; combines became more numerous, a lot of them moved into the west. Take from 1946 to 1950—there was a fair percentage of No. 1 wheat grown, but from 1956 on, we have been down below 10 per cent. In fact, only twice have we been above five per cent during that period.—A. Well, you realize it was the weather that gave us these enormous crops and at the same time down-graded that grain.

Q. I would think you would have to have a certain amount of moisture to have No. 1?—A. You do.

Q. In 1947 I think practically all the wheat I grew sold as No. 1 but I can say I have not sold any No. 1 wheat since, and it is not because I have not grown wheat to my knowledge that has not been as good.—A. Have you ever been in our inspection department?

Q. No, I have not.—A. Well, come on up.

Q. I would like to take the time.—A. The first time you come through Winnipeg we would be glad to have you come up. We do not change our inspection one iota from year to year.

Q. I think a lot of the farmers think a lot like me, that wheat is graded on the same standard as cattle, and when you have a lot of it, the grading is a lot tougher.—A. Let me answer that this way: what in the world would be the motive that would make one of our inspectors try to down-grade grain?

Q. It is not necessarily your inspectors. We all know that No. 1 wheat sells for a better price. They are having a hard time to sell wheat now, so why not buy No. 2. They could sell it much cheaper and still come out on top?—A. When

they ship it they have to conform to our export standards on grain. There is no inspector in our employ who likes to degrade grain. I can assure you of that. And they are all capable men.

Q. If you talk to elevator men you will find that before every crop year comes in, they have to set up in their own minds practically another standard of grading.

If you talk to them before the crop year comes in, they will say: we have to wait to see what the run of the crop will be. They say: we have to look at the crop before we can grade it.—A. Have you ever seen the book we put out which is called “The Farmer and the Country Elevator”?

You are fully protected in that regard under regulation 18. If you desire, the elevator agent will draw a sample. It is set forth in the regulations which are pasted up in every elevator driveway in western Canada, I mean a copy of those regulations. It tells you how to proceed.

You may take a sample to the company and they send it in a sealed box, and our inspector put a grade on it, and that will be the grade you will get.

Q. I have seldom had disputes with elevator agents. I get along very well with them. But I would point out these conditions: I have been told that before they will discuss the grades, they like to see four or five samples come in in a given crop year so that they might get an idea of how they are going to grade it in that crop year.—A. I cannot be responsible for the things that country elevator men may tell you, but as far as our board is concerned, and as far as the statutory grades are concerned, they do not change during the years.

By Mr. Forbes:

Q. You do not take the protein content into account in your grading?—A. Not at all.

Q. What qualities do you take into account?—

Mr. M. J. CONACHER (*Chief Grain Inspector, Board of Grain Commissioners*): I think the best I can do is to read you the definition of Manitoba No. 1 Northern wheat which is to be found in the Canada Grain Act. The requirements of this grade are as follows: minimum weight per measured bushel in pounds, 60; variety, Marquis or any variety equal to Marquis; minimum percentage by weight of hard vitreous kernels, 65; degree of soundness, well matured, practically free from damaged kernels; maximum limits of foreign material, matter other than cereal grains, practically free; total including cereal grains other than wheat, practically free; wheat of other classes or varieties, Durum, practically free; total including Durum, about one per cent.

Mr. FORBES: You said anything equal to Marquis. Is Selkirk equal to Marquis?

Mr. CONACHER: Yes, it has been so established.

Mr. PASCOE: Does not colour enter into the grading at all?

Mr. CONACHER: It is covered under well matured, practically free from damaged kernels.

The WITNESS: If it were bleached, it would not be.

By Mr. Nasserden:

Q. Do not the standards which are followed by our board or by your inspection department vary a little from year to year?—A. No. As I said before, if we graded, A, sample No. 1 Northern six years ago, that is the same grade No. 1 Northern that we have today.

Q. It seems to be the general opinion among a lot of elevator agents, because every fall they seem to think they have to wait until a number of samples have been sent in before they can say what they can base their grades

on.—A. Let me tell you what we do in a case of that kind: most of the elevator agents send in samples as soon as they are threshed in their districts in order to determine the grades and to get a line up on their grading in that district.

For instance, we had a frost in Manitoba, and wheat was being bought in the country as No. 3 wheat which was in fact No. 5 wheat. There was an awful spread between these grades. But those fellows in Manitoba did not send in their samples and for a short time the producers certainly benefited from it. But they soon got lined up on their samples.

The elevator company managers instruct their agents to send in samples of the new crop as quickly as they can obtain them so that they can see for themselves what is going to be the grades in that district.

The agent is supposed to put what he thinks the grade is on the sample. It is inspected by an inspector of their company, and very often it is submitted to our inspection branch in the Board of Grain Commissioners, so that people are lined up properly on the grading.

By Mr. Southam:

Q. I was brought up on a farm and I know there has been this impression on the part of the grain farmers. Isn't there something we can do to allay or to rectify that wrong attitude?—A. Again, our chief inspector, Mr. Conacher—do you think there is anything we can do?

Mr. CONACHER (*Chief Inspector, Board of Grain Commissioners*): I think that Mr. Milner has touched on the matter which indicates the difference in the minds of some people as to changes in the grading. Actually I think it relates really to the timidity of grain companies at the start of the season.

Normally, in any one year, the grain will vary somewhat in grade from one year to another. It is comparable to cases where damage may occur which affects the grade. At the start of the crop year the companies generally are timid in the case of their country elevator agents starting out on a line of grading.

It is not simply a matter of grading at any time from one year to another by the inspection branch. It is rather a matter of the companies' policy, to make sure how its agents start out, having consideration to the fact that crops and qualities will vary from one year to another.

By Mr. Gundlock:

Q. Do you grade the wheat that is sold on the world market?—A. No Grain can leave Canada for export without carrying a certificate of the Board of Grain Commissioners.

Q. Are there grades for No. 2, 3 or 4 which, with some little extra caution, or handling, could have been upgraded? In other words, could No. 3 not be upgraded with the addition of some No. 1, to No. 2?—A. It would be a foolish thing to put it in. I cannot say that the elevator company would do it in the first place. There is no money to be made by putting No. 2 Northern wheat in No. 3.

Q. I mean if there is a relaxation of the grading?—A. They are not allowed to.

Q. If the upgrading of wheat does exist, as many farmers think it does, indirectly it might work out to their benefit, if it found its way to the world market as a little bit better grade.—A. We set up each year export standards for grades of grain which leave Canada. Those export standards are sent all over the world.

I have travelled all over European countries and talked to buyers concerning grading, and I have never yet heard a buyer say there was any grain received over there which was not equal to the standards of wheat we established.

Q. Does he receive a grade that is better than certified? I am thinking of a particular example which I could give you to explain perhaps better what I have in mind.

Two years ago I had a field that escaped the general frost in the area. Immediately when that grain arrived at the elevator—this was a half section field yielding 30 bushels to the acre—it frosted. I did not accept that grade. I did just as you suggested under section 18, and the second sample showed that it was not frosted. I would like to know what would have happened to that wheat if I accepted the original grade. That is the point I am getting at.—A. It would have been a grade gain to the elevator agent if you had been foolish enough—I will use that term—to accept his grade. He would very likely, had he been a man who knew grain, have been able to work that off in three northern or fourth wheat, or whatever grade was put on it. There is no prohibition for mixing the grades in country elevators. The prohibition that exists is in regard to mixing of the statutory grades in terminal elevators. There it cannot be touched.

By Mr. Nasserden:

Q. Some people who buy grain from the farmers want to mix in a certain grade?—A. If a person wanted to mix the grain he would have to buy it in separate lots and it would have to go out unmixed in the ocean vessel with canvas separations in the holds.

Mr. SOUTHAM: Just as Mr. Gundlock suggested in his specific example, this has happened in my experience. I agree with him that there should be more rigid supervision of these local grain buyers so that could not happen.

The WITNESS: I wish there was some way in which we could supervise this, sir. All we can do is point out the regulations and rights that a farmer has. You can understand that with 5,000 country elevators it is an impossibility for us to be there during all the transactions which occur.

Mr. FORBES: I have one further question to ask in regard to this important item covering grain grading.

Two or three years ago in my area we experienced what the elevators determined was ground tag which has an effect on the appearance only. Does this affect the milling quality of the grain, and is that the reason for grading the wheat down?

Dr. ANDERSON: That is a type of damage to individual kernels. The kernels showing that type of damage have to be classed by Mr. Conacher as damaged kernels when he is grading the grain.

Mr. FORBES: Does this affect the milling quality of the wheat? Many farmers think that it does not, and that the quality of the flour is just as good and that they should be given a No. 1 or No. 2 grade.

Dr. ANDERSON: I would like to answer that in a general way first.

I have travelled to a great many of the markets throughout the world and I have also met many farmers' groups of western Canada. I have received exactly the reverse pictures in these two positions.

The farmers always maintain that grading is too stiff and that many types of damage do not affect the milling quality of the grain. The people in the overseas markets say exactly the opposite. They suggest the grading is too lax and we should tighten it up. They point out every form of damage which occurs in our grain. "Ground tag" is a type of damage that affects the colour of the flour.

The CHAIRMAN: Gentlemen, we will now move to the next item.

Mr. MACLEOD:

The Board constituted Committees on western and eastern grain standards for the crop year 1957-58 in accordance with the provisions of section 25 of the Canada Grain Act. Personnel of these committees is given in appendix A.

A special meeting of the Western Committee took place at Winnipeg on January 15, 1957. The Committee decided to eliminate the commercial grade known as Extra No. 2 Feed Barley, effective August 1, 1957, and also named and defined new commercial grades of Rapeseed.

Regular meetings of this Committee were convened on October 17, 1957 and November 15, 1957 to receive reports concerning the quality of the current season's crops and to select and settle standard samples and standard export samples for various grades of Western grain.

The Eastern Committee met in Toronto on August 23, 1957 and November 21, 1957, to establish standard samples for statutory grades of Eastern grown grain.

In both divisions, continued use of previous standard samples was authorized in certain cases where suitable samples for established grades were not available.

The CHAIRMAN: Are there any comments gentlemen?

By Mr. Horner (Acadia):

Q. I would like to know if Mr. Milner would classify rapeseed as grain?—A. We asked the Department of Justice for an opinion in this regard. The Department of Justice said, inasmuch as it was in the schedule attached to the act in their opinion it was grain.

I know that the transport board ruled that it was not grain under the meaning of the act. This is a legal problem which is over my head.

Q. I just wanted your opinion. I know that we have at this time, two definitions of grain. One definition includes rapeseed and the other does not. I just wanted your opinion in this regard.—A. You will remember that about a year ago there was a question in respect of flaxseed and it was established as a grain.

Mr. RAPP: As soon as it is established that it is a grain it will result in a new freight rate.

The WITNESS: As far as we are concerned it is grain. I do not know that our opinion in this regard will influence anybody else.

By Mr. Nasserden:

Q. In regard to rapeseed dockage where it is very extensive due to the collecting of this yellow stuff that you find in it, is there any way that a regulation could be put in so that farmers will secure some recompense for that operation which is called "dockage"? This must kill the yield of oil at the same time. I do not know whether Dr. Anderson can answer that or not.

Mr. MILNER: Mr. Chairman, I think this might work in the reverse if the principle were applied, because in the actual operation of cleaning rapeseed the elevators concerned have on the average removed more than was assessed as dockage. They have had quite a problem of disposing of the large quantity of material cleaned out of rapeseed at reduced prices as compared to wholly cleaned rapeseed.

Mr. NASSERDEN: They do not clean it out fully, do they? Most of it is put through a process to take the oil out of it, is that not right?

Mr. MILNER: That might apply where rapeseed is actually processed in Canada, but practically all of our rapeseed has been exported at a very low content of dockage. You might say that it is practically clean.

Mr. NASSERDEN: What do they do with the dockage?

Mr. MILNER: The dockage is removed, or partially removed and the rapeseed is shipped at a low percentage of dockage assessed. The material cleaned out has presented this problem of disposal which I mentioned.

Mr. NASSERDEN: Do they make oil out of that dockage?

Mr. MILNER: I presume they do.

The WITNESS: Some of it has been recleaned to see if they can get some of the stuff on the sieves. I can tell you that the experience of the elevator companies with respect to it is not a happy one.

This gentleman has said that there is too much dockage. I know from what I have been told by the individuals who are handling it that they are losing money on it because when they put it across there is too much broken stuff that comes through the sieves. There is an attempt being made now to find a different type of sieve for rapeseed.

I do know that this constitutes a problem both ways.

Mr. NASSERDEN: I have delivered rapeseed and flaxseed both and it seems to me that when it is being graded, the graders are not very particular as to whether it is 10 per cent, 12 per cent, 15 per cent or 20 per cent, or whatever figure they can get away with, having regard to dockage.

I have also watched when other farmers have taken it in and the same thing happens. It seems to me that the graders take a look at the farmer and his outfit.

The WITNESS: That must be a good look.

An Hon. MEMBER: You better get someone else to take it in for you.

By Mr. Nasserden:

Q. I do feel that there is a little bit of carelessness in the way that this is done. I would suggest that percentage-wise it would not take long to amount to a good deal of money.

When I look at the fine stuff that is in rapeseed I feel that there must be oil in it. If one takes it in his hand like this you can rub it into a little ball. I do not believe that this is being thrown away, and I do not believe that it is being sold very cheaply either. Even if it is sold as waste it goes into the making of oil.

I have seen people receive as high as 20 per cent or 27 per cent dockage from rapeseed in regard to big truckloads, one after another. That is quite a loss for a farmer to accept.—A. Well sir, again I say the farmer can get protection by doing what the gentleman did in connection with the grade of his wheat. We will be glad to assess dockage on rapeseed if you send us the samples. I think probably if it is the wish of the committee I will have our secretary instructed to send a booklet to each of you called "The Farmer and the Country Elevator" which outlines what can be done.

Q. I agree with you it is the farmer's responsibility as far as grade is concerned, but can you do something to make sure they will pay for that dockage or approve it, just the same as they paid for wild oats in some years?—A. Well, we would have to look it up.

Q. Rapeseed is getting to be quite a problem as far as western Canada is concerned.—A. The type of dockage varies in different districts all through the country. We will take it under consideration.

The CHAIRMAN: The next item is "Inspection of grain".

Mr. MACLEOD:

The 1957 crop of red spring wheat in the three prairie provinces, particularly in the southern regions, suffered from severe drouth reducing the yield of bushels per acre. This wheat graded no higher than No. 3 Manitoba northern.

In the central and northern areas all cereal grains were somewhat better, higher in weight per bushel and yield. Unfortunately considerable rain occurred during the third week in August, resulting in lower grades on account of mildew that took place after the grain had been swathed. Barley and oats also were degraded on this account.

A larger acreage of rapeseed was seeded, but owing to drouth the yield was sharply reduced, however, grades were maintained as Canada Rapeseed, and No. 2 Canada Rapeseed.

Flaxseed on the whole was far below an average crop owing to the disease 'Aster Yellow' that reduced the yield with lower weight per bushel.

The tame mustard seed acreage in southern Alberta, mostly of the oriental variety, was sharply reduced with the yield per acre reported lower than in 1956, but top grades were maintained.

Safflower seed was grown in volume for the first year in southern Alberta with the result the Western Grain Standards Committee has established commercial grades for this seed effective August 1, 1958.

The CHAIRMAN: Are there any comments, gentlemen?

By Mr. Thomas:

Q. If I might ask one more question in regard to this grading business; are the local elevators in Ontario licensed?—A. No.

The CHAIRMAN: Will we go on to "research"?

Mr. MACLEOD:

Research

Information on the quality of 1957 crops of spring wheat, durum wheat, barley and oil seeds was published early in the fall in two protein maps and four crop bulletins, and was also presented at two meetings of the Committee on Western Grain Standards. A new quarterly bulletin on the quality of durum wheat cargoes exported from Canada was started as a companion to the corresponding bulletin on bread wheats. Steady demand for these bulletins shows that they are useful to overseas customers for Canadian wheats. Studies of the qualities of grain at various stages of marketing were also continued throughout the year.

The laboratory has worked in close co-operation with the inspection branch to provide information and services required in settling grading problems. Studies were made of the quality of standard and standard export samples and of samples of current crops on which laboratory tests were requested. Moisture testing and equipment in the board's inspection offices was supervised regularly, and C.A.E. electrical moisture meters were installed in ten of the offices. Requests for services to the Canadian Wheat Board, the grain division of the Department of Trade and Commerce, commercial counsellors and trade commissioners in importing countries, and other government agencies continued to increase. As in previous years the laboratory took a major part in studies, sponsored by the associate committee on grain research, of the quality of varieties developed by Canadian plant breeders. An active program of applied and basic research was maintained throughout the year.

The first award of the National Research Council postdoctorate fellowship, tenable in the board's laboratory, was made to professor Hiroshi Matsumoto of Osaka Women's University, Japan; he arrived last August and will spend a year working in the basic wheat research section. Dr. Walter Bushuk was awarded a National Research Council overseas fellowship and one of the two Rutherford memorial fellowships offered each year by the Royal Society of Canada; he was granted leave of absence for one year at the Centre des Recherches sur les Macromolécules at Strasbourg, France. During the year, three members of the staff went abroad to study problems relating to the utilization of Canadian grain in various markets. Dr. Irvine was a member of a mission to Japan in the spring, and returned through Europe. Dr. Meredith attended the European brewery congress and made other visits relating to barley utilization. In the fall, Dr. Anderson visited Scandinavia and the principal European markets for wheat.

Steady progress has been made in the expansion of the laboratory mentioned in last year's report. Additional space has been obtained on the ground floor for enlargement of the milling and baking section and for consolidation of all routine studies in one area. By the end of the year, the new sample room and laboratory for routine analysis were occupied, and remaining changes will be completed within a few months.

The CHAIRMAN: Are there any questions, gentlemen?

By Mr. Muir (Lisgar):

Q. Do you receive the money for this research through parliament?—

A. Yes, but it was voted through our estimates. Some time ago we did suggest some of our work might be subdivided and put under the National Research Council; but the government of the day thought it was best to leave it as it is. However, there is an enormous amount of research work which Dr. Anderson carries on up there. I do not know whether it matters or not—it is going to be spent anyway.

The CHAIRMAN: "Weighing of grain".

Mr. MACLEOD:

Weighing of Grain

The weighing branch of the board, in addition to providing the usual weighing services, investigated complaints received by the board on vessel and car out-turn shortages in an effort to determine the cause and where possible assign the liability. Scales at licensed terminal and eastern elevators were inspected periodically by the board's scale inspector. Additional scale inspections were made at any of these elevators where the board felt that reported out-turns were particularly unsatisfactory. During the latter part of the year, the weighing branch made a special examination and survey at all terminal elevators and at mill elevators receiving weighing services to determine the condition and general efficiency of equipment used in the receiving, weighing and shipping of grain. Details of the work of this branch are given in appendix F.

Mr. MILNER: You can see that on page 37.

The CHAIRMAN: Are there any observations on "weighing of grain"? If not, we will proceed to the next paragraph, "weighover of stocks, terminal and eastern elevators".

Mr. MACLEOD:

Weighover of Stocks, Terminal and Eastern Elevators

In accordance with the provisions of sections 139 and 140 of the Canada Grain Act, members of the board's weighing and inspection staffs weighed over 30 terminal and 21 eastern elevators during the 1956-57 crop year.

Deferments into the 1957-58 crop year were made at 11 terminal elevators at the Lakehead, 5 terminal elevators at other points and at 9 eastern elevators. It was found necessary to grant these deferments to avoid temporarily halting the operations of elevators concerned with the movement of grain for export commitments. However, it was possible to carry out ten of these deferred weighovers before the end of December, 1957.

Tables G-12 to G-16 of appendix G contain the results of 51 weighovers carried out in the 1956-57 crop year.

By Mr. Muir (Lisgar):

Q. Do you find this operation difficult with the terminals full?—A. Yes, we had to defer some, but as shipments occurred we were able to get our crews in and weigh them over. We have to lock all the spouts, and it is quite a job when there are millions of bushels in them. However, we did it.

The CHAIRMAN: "Terminal and eastern complaints".

Mr. MACLEOD:

Terminal and Eastern Complaints

During 1957, the board directed the investigation of 43 complaints regarding the handling of grain at terminal elevators and shipments to eastern Canada. All but 3 of these complaints related to reports of outturn shortages including 21 on vessel shipments from Fort William and Port Arthur to eastern Canada and the U.S.A., 17 on vessel shipments between licensed eastern elevators and 2 on carlot shipments unloaded at Fort William and Port Arthur.

These complaints were disposed of as follows:

	Weight	Miscellaneous
No cause of reported discrepancy found	37	—
No grounds for complaint	1	2
Settlement effected	1	—
Complaint withdrawn	—	1
Not yet disposed of	1	—
Total	40	3

The CHAIRMAN: Are there any observations? As it is now 12:30, we will adjourn until 3:30 this afternoon. We will meet again in the same room.

AFTERNOON SESSION

TUESDAY, August 5, 1958
3.30 p.m.

The CHAIRMAN: Gentlemen, come to order. I believe we will proceed now from where we left off before the lunch hour, on page 14, complaints on export shipments.

Mr. MACLEOD:

Complaints on Export Shipments

The Board and its officials handled a total of 55 complaints relating to overseas shipments. Of these, 37 complaints concerned outturn weights at overseas destinations and the remaining 18 concerned the quality of grain cargoes.

Disposition of these complaints was as follows:

The CHAIRMAN: Gentlemen, shall we accept the table there as read?

	Quality	Weight
No cause of reported discrepancy found	—	27
No grounds for complaint	18	—
Settlement effected	—	4
Not yet disposed of	—	6
Totals	18	37

The CHAIRMAN: Are there any comments? If not we shall proceed to statistics.

Mr. MACLEOD: Statistics.

Statistics

Statistics relating to Canadian grain movement collected and compiled by the Board's Statistics Branch are presented in Appendix G of this Report.

(See appendix G as set out later in this report.)

The WITNESS: That is at page 40 in our report and there is one matter in the statisticians' report that perhaps you would like to ask a question on. If you are not interested in it, we will not bring it up, but you will remember there has been some talk of the hundredweight being used extensively. If it would be of interest I will have our statistician report to you as to what has happened.

Mr. W. BAXTER (*Chief Statistician, Board of Grain Commissioners*): Mr. Chairman and gentlemen, the idea of changing over to the hundred-weight from the bushel in the grain trade has been considered, for about 30 years. The interest, however, has become somewhat greater, during the past three or four years. Following representations made by the Alberta pool, the Interprovincial pool and the Canadian Feed Manufacturers Association, and acting under the section of the act which empowers the board to investigate all matters pertaining to the weighing of grain, the board agreed to investigate the points in favour and against such a change in the grain trade. Since the question was more a matter of recording the weights and handling the commercial transactions rather than the actual physical weighing of the grain, the job was passed over to me as chief statistician.

To carry out this investigation I established contact with senior officials of all of the major companies and grain organizations in Canada and with the various provincial governments. I also established contact with the parallel organizations in the United States because, as you are probably aware, a similar campaign and pressure was being put forward in the United States through their Department of Agriculture.

My investigation established that there was a substantial body of support for such a change. This support was based on the argument that the bushel as a unit of measure in the grain trade was cumbersome and out of date and of no particular value in determining the true value of grain and that it involved a lot of unnecessary work in the form of conversion calculations and extra office operations in the handling and processing of the commercial paper relating to the grain transactions.

In contrast to this support, the opposition, or at least the groups opposed, had brought forward the counter points, that first of all the change-over would represent a substantial conversion in thinking operations; everybody from the farmer through to the final exporter would have to change their

whole concept of quantities, particularly from the yield right on through the whole operation, and that the change in the office equipment, the business paper and stationery would also represent a substantial cost.

But perhaps most important was the fact that those people dealing with storage, these were the elevator people themselves, were going to have to turn around and do the reverse conversion operation. They were going to have to convert from the hundredweight to a volume unit in considering their volume in store. It was their contention that this would represent almost as great a problem to them as the present conversion from bushel to hundredweight for those dealing with weights of grain and it was on these two points that the argument has finally resolved itself.

I made a preliminary report to the department about a year ago indicating the initial findings, and after that I have concentrated my investigation on just what these so-called savings, or at least estimated savings, through the elimination of the conversion from bushel to pounds and pounds to bushels in the handling would represent to the companies.

The major grain companies have cooperated very closely with me on this and it has been my finding that the actual operations involved which are principally office operations, but which start back with the country elevator, can represent something of the order of \$125,000 to \$150,000 per year to the Canadian grain trade.

Now, I say that that is a cost figure. The question immediately is, could that ever be realized in the form of a saving; and it is there that there is a substantial difference of opinion. It is, I would say, my opinion on the matter that that only a very small percentage of that would be realized because this \$125,000 represents the cost spread over all of the Canadian grain companies and organizations. So that it would be something of the order of \$9,000 or \$10,000 for these largest companies. That in turn would be divided amongst several offices and their various divisions; so that the actual saving in the way of eliminating a clerk or a calculator operator, or a piece of equipment is subject to a great deal of question and in many cases would never be achieved.

In contrast, those opposing the change say: "Well, all right, what you save on this side, you are going to increase on the other side" and that is more or less where the argument has resolved itself at the present time.

A similar situation exists in the United States. You may have seen the press releases there that they had a slogan put forward generally by the American Feed Manufacturers Association, "The hundredweight by fifty-eight". Last fall, in certain of the arrangements in connection with the commodity Credit Corporation, their storage contracts were originally designed to go out on a hundredweight basis.

There was opposition presented by the terminal associations and the millers associations. That proposal was dropped and, at the present moment, the matter is more or less at a stalemate in the United States.

As far as the Canadian situation is concerned, we are leaving the whole question still open and will continue to investigate and examine any proposal brought forward from either side.

Mr. JORGENSEN: Do the submissions fall into any specific categories? You mentioned there were some groups opposing it and some groups in favour of it?

Mr. BAXTER: Generally the main groups supporting it have been—the Alberta pool and the interprovincial pool organizations who were the ones that came forward with the first resolutions.

Through them and through the United Grain Growers also joining with them, the Canadian Federation of Agriculture, adopted a resolution supporting the introduction of the hundredweight. The Canadian Feed Manufacturers

Association has been another group supporting the change, for the reason that they deal generally on a weight basis in their operations. The elevator groups, the ones where savings would be greatest if realizable, are very skeptical of these savings and are very convinced in their own minds that costs and the difficulties involved in converting from a weight unit back to a volume unit as far as their storage arrangements are concerned would be more than the savings achieved.

So that is more or less the support and the opposition that is lined up in Canada.

By Mr. Forbes:

Q. When grain is sold for export, do you sell by the bushel or the hundred-weight or the ton?—A. By the bushel.

By Mr. Horner (Acadia):

Q. On that same point, I was not clear in my own mind as to whether the Alberta pool was for the change-over, but the rest of the elevator companies were not. Is that right?—A. Well, I think probably that is correct. There was a resolution came through which started the whole thing but it is a dead duck now. We do not hear anything about it anymore.

Q. I have seen those resolutions in farm organizations but I did not know whether the pool elevators or the elevator companies in general were in favour of it or against? A. I think it would be correct to say that no person is actively for it now or actively against it. The thing has just died down again as it did a number of times in the past 25 or 30 years.

By Mr. Nasserden:

Q. What do these other countries such as Australia or Argentina use? Are their sales made by hundredweight or bushel?—A. Some are on hundred-weights and some are sold by bushels, and quintals in some of the countries. I would ask you to give me an estimate of how many pounds per acre you are going to get on your farm and you would have quite a time figuring it out.

Q. I could get used to it in a very short time, and I think from the point of thinking of seed being sold in parts of the country today, the hundred-weight would be a far better way to price grain than by the bushel, because the farmer could easily look at the price he is paying per hundredweight and he would have something to compare with what he is getting for the money he is paying out.

Today he has not that, unless he wants to do a little bit of figuring and he does not wish to take the time to do it.—A. Well, take for instance, your price of oats. When you are working on a hundredweight basis the price of oats would be higher than your price of wheat, would it not? You would have to reorganize all your thinking on that sort of thing. I think you would find yourself in quite a jumble, as I have done quite a lot of calculating on it and where it deals with lake freight rates there are a number of ways and it would certainly cause a lot of confusion for a number of years. I think it might work out ultimately. Anything could work out if you make up your mind to it. But as I say, there does not seem to be any interest in it at all at the moment.

The CHAIRMAN: Shall we proceed to information program.

By Mr. Muir (Lisgar):

Q. While we are on the question of statistics, we received some figures from the Wheat Board regarding grain in store. Can you tell us the difference

as between what was in store at the end of the crop year 1956-57 and July 31 this year?—A. Yes sir, we can give you that information. Would you go on then and let us give it to you in a minute or two while the statistician works it out.

Q. Yes.

Mr. MACLEOD:

Information Program

Early in 1957, the Board of Grain Commissioners purchased a mobile unit consisting of a one-ton truck (tractor) and a 23-foot semi-trailer and prepared a display and installed it in the trailer.

The main feature of the exhibit is a display of 22 of the main grades of grain in open containers so that farmers can handle and compare the different grades. Samples of fifty additional grades in plastic containers are carried in a cabinet to enable the inspector in charge to illustrate almost any grade that the visitor might be interested in.

Coloured photographs illustrate the various phases of the Board's operations and a separate panel of coloured photographs illustrates the types of wheat kernel damage, i.e., frost, immaturity, heat, insect, etc. These, together with pictures of loaves of bread baked from wheat containing the different types of damaged grain, are attached to the walls of the trailer. Murals painted on the outside of the trailer illustrate harvesting operations and pictures of country and terminal elevators.

A map showing the location and capacity of licensed country elevators forms a backdrop for a display of milling fractions and a display of equipment used in grading grain. Posters outlining the organization of the Board and the rights and privileges of the farmer are tacked to the walls.

A portable motor generator supplies electric power for a battery of fluorescent lights, so that the exhibit is not dependent upon an outside supply of power.

A large educational exhibit prepared by the Exhibition Branch of the Department of Trade and Commerce in 1953, has been shown at nearly all Class "A" and "B" Exhibitions in Western Canada. It has therefore nearly fulfilled its purpose and was used on only three occasions during the year.

This exhibit outlines the organization of the Board of Grain Commissioners with special reference to the provisions of the Canada Grain Act, which affect the farmer. Coloured transparencies illustrate the work of Inspection, Weighing and Research Branches. Average samples of the various grades are also displayed.

An Assistant Commissioner and one or more Grain Inspectors were in charge of the exhibits to answer farmer's questions about the work of the Board or specific questions on grading. Both displays were well patronized and many questions on grain grading and handling were answered to the satisfaction of the farmers and visitors.

The motion picture, "Grain Handling in Canada" was shown at a number of meetings and short courses and to several groups of visitors from foreign countries, during the year. This film is in colour and outlines the work of the Board of Grain Commissioners in supervising the handling of grain from the time it leaves the farmer's hands at the country elevator until it is aboard ship for export. It was taken by the National Film Board and is available through their libraries.

Visitors to the Board Office included a group of Cereal Chemists from The Netherlands, Belgium and Switzerland; a Barley Mission from the United Kingdom; eight Agricultural Experts from Russia; a Milling Mission from Germany; an Agricultural Delegation from Roumania; groups of Agriculturalists from Turkey, Pakistan, Burma and Austria.

Other visitors included Trade Commissioners from the United Kingdom, Australia, Germany, Japan, Belgian Congo, Belgium, India, Portugal and Colombia.

After meeting with members of the Board, the visitors were shown through the various Branches by departmental officials who outlined and demonstrated the work of the Board.

Members of the Board and senior officials addressed the annual meetings of producer organizations and meetings of other organizations interested in agriculture in various parts of Canada.

The WITNESS: May I say in addition that according to our tabulation 15,777 producers visited the exhibit that we had, and we handed out these booklets "The Farmer and the country elevator", and it was very well patronized all through the west.

The CHAIRMAN: Are there any comments or questions?

By Mr. Jorgenson:

Q. In reference to this information program, I think the members of the committee would be interested in knowing that there is a book here in the library which will give you a great deal of information about the Canadian grain trade. It is called "Canadian grain trade", and it is by Dr. McGibbon.

—A. Yes. He was once a member of this board.

By Mr. Muir (Lisgar):

Q. Is this trailer used at class A as well as class B fairs?—A. It is used mostly at class B fairs now because we have found that at class A fairs there is a little too much counter attraction, and at class B fairs, we have found the people to be much more interested in it.

By Mr. Thomas:

Q. Do you have more than one copy of that film?—A. The National Film Board have it. It might be interesting to show it to this committee at some time because it is a very good film.

As you will see from this report, we have visitors from all over the world who come to see our laboratories and our inspection system.

I would be very happy if any members of this committee, when coming through Winnipeg, would stop off, because I promise them an interesting day around our offices, showing them what we are doing in milling and baking tests, and our laboratories and inspection branch.

I think you would find it very interesting and instructive, and I extend to you a very sincere invitation to call in and see us, because I can promise you an interesting day.

The CHAIRMAN: I think it would be interesting, not only to western members who are farmers but also to eastern agriculturalists.

By Mr. Southam:

Q. I feel inclined to move that we try to procure this film to present it to this committee, although I realize that we are pressed for time.—A. Will you leave it this way: we shall determine whether it is here at the National Film Board. If there is nothing happening tomorrow, and if this committee would like to meet tomorrow, we would have somebody here who could answer questions about it.

By Mr. Nasserden:

Q. Would it be possible to provide something to go up on the wall of the elevator to point out to farmers that in order to get an official test of his grain, it

should be sent to the Board of Grain Commissioners at Winnipeg or to the inspection office at Winnipeg?—A. We have that now. It is part of the regulations of our board that it must be posted up in every driveway. They were posted here, there and all over the place, and our assistant commissioners got a little piece of plywood on which the Board of Grain Commissioners regulations are placed. Now that is put up in all the country elevators and our assistant commissioners are going around to see that it is there. On that board it says: "Board of Grain Commissioners Regulations" over the top, and we insist that it be put up in every country elevator. It is there now.

Q. I do not mean something in fine print that is usual in such regulations, but rather something which will point out to the farmer—because on many occasions the elevator agent will send the sample to his company's head office for an inspection. That may be all right, but I find sometimes there may be a difference when the sample is sent there, and when the sample is sent to the Winnipeg offices.—A. It is not according to the regulations that it be sent to the head office, but to the Board of Grain Commissioners, to our inspectors. That is stated very very clearly in the regulations.

We are going to send you copies of this booklet, "The Farmer and the country elevator" and you will see that it has to be put up there.

Last year we distributed 20,000 of these booklets around the country. They are available and we take them with us every time we go out to address a meeting. It will take a little time for every farmer to get one. However, we are doing the best we can to disseminate information.

The CHAIRMAN: Are there any questions or comments? If not, let us go on to Canadian government elevators.

Mr. MACLEOD:

Canadian Government Elevators

During the crop year 1956-57, receipts of grain at the Canadian Government Terminal Elevators operated by the Board at Moose Jaw, Saskatoon, Calgary, Edmonton, Lethbridge and Prince Rupert were 17.0 million bushels and shipments 18.7 million bushels as compared with 12.4 million and 14.3 million bushels respectively, in the previous crop year.

In the fiscal year 1956-57, revenues exceeded expenditures by \$659,137.

Mr. PASCOE: Mr. Chairman, under this section, might I refer to appendix number one on page 60?

The CHAIRMAN: Certainly.

By Mr. Pascoe:

Q. I would like to know about the Moose Jaw interior elevator capacity of 5½ million, with stocks as of July 31, 1957 of 5,395,723, but with net shipments in that year away down compared with other elevators.—A. That is wheat board wheat. We do not attempt to dictate to them what they should do with their stocks of wheat. We wish they would ship it out because we would like to get more earnings for the elevators, but they did not ship it out.

Moose Jaw is not altogether a good place from which to ship grain.

Q. Can you tell me if the stocks at the end of July 31, 1958 are anyway near that figure? Is it full yet?—A. No. We have some space in Moose Jaw and we have it deliberately because we shall be handling certain grades through there. We always endeavour before the commencement of a crop, to leave some space in those elevators where we have good drying facilities for fear that we run into a damp crop such as we did in 1951-52.

If you remember, that year it was a good thing that we had all those facilities available. Even at that, we had to get a lot of grain dried in Buffalo and Duluth, which was Canadian grain.

Q. There are good drying facilities there?—A. Very good.

By Mr. McIntosh:

Q. Why do you suggest that Moose Jaw is not a good place from which to ship grain?—A. We prefer to use Saskatoon from which to ship clean grain to Churchill because in the freight rate structure it is on a direct line of haul from which the shipment came in. But if we ship out of Moose Jaw and we cannot ship it to Churchill—the wheat board can only make money out of putting grain into our interior terminals if they leave it there long enough to take advantage of our cheaper storage rates at those interior terminals. So that we are sort of boxed in.

Q. Has that any bearing on the quota for the people in southwestern Saskatchewan?—A. No, not to any extent, I would not think.

Q. What do you mean “any extent”?—A. You are talking to me now about a wheat board operation and I am going to “duck” that question.

Q. I just wanted some information on that point.

By Mr. Thomas:

Q. Who actually owns these elevators that the Board of Grain Commissioners operate?—A. The government of Canada.

Q. They would come under the jurisdiction of the Department of Public Works?—A. No, they come under the jurisdiction of the Department of Trade and Commerce, sir.

By Mr. Nasserden:

Q. Before we leave this subject I have another question. Is there anything besides cereal grains being stored in these elevators at Moose Jaw and Saskatoon?—A. Yes, wheat.

Q. Yes, but is flax or rapeseed stored there?—A. We put rapeseed through there, yes.

Q. What is the handling charge in respect of rapeseed as compared to the handling charge in respect of wheat at these points I mentioned?—A. The charge is ten cents per hundred. Those are special contracts we make with these people which are not covered under the tariff. We approve of all contracts that are made which are not within our tariff. Our charge there is ten cents per hundred.

Q. Do you clean the rapeseed too?—A. Yes, we do.

By Mr. Kindt:

Q. Mr. Chairman, due to the variations in prospective crop yields throughout western Canada, in all likelihood in certain areas there will be a good crop—such as in my district along the foothills area of Alberta—whereas in the dried out areas like Lomond, in eastern Alberta, there will be very little if any yield.

I was out in that area last week and the farmers were asking me about grain quotas this year. The problem is always to get rid of the grain as soon as it is harvested in order to save the cost of building grain elevators and bins, and so on.

The farmers in that area were asking me if it was possible, or if there was any thought being given, by the Board of Grain Commissioners—of course,

they do not have the say in this regard—to issuing the quota of 2, 3 or even higher in the fall of the year so that the farmers can get their grain to the elevator, because of the pattern of crop problems this year.—A. I am sure that the wheat board will give that every consideration. They are just as anxious to get the quotas up as anybody in the different areas. I think I heard Mr. McNamara say yesterday that they would raise the quotas just as soon as it was possible to do so.

That, of course, is outside our jurisdiction. This is completely a wheat board item.

Q. It is within your jurisdiction when you relate it to terminal elevator storage?—A. Yes, but the grain that is stored in those terminal elevators is owned by somebody else, and we are required to store that grain until the owner of the grain tells us to ship it out.

In this instance the wheat board is the owner of the grain. I wish you could get them to ship it out. We would do better at our government elevators if we had better movement.

By Mr. Thomas:

Q. Does the operation of these elevators with the charges as listed here at the bottom of page 60 prove profitable? Does the Board of Grain Commissioners make a profit on the operation of these elevators?—A. I do not want to mislead you about the operation of these government elevators. If we had to operate the elevators—I have done it during my time in the grain business—I would not like to think the government elevators were operated as a commercial money-making proposition. There is no costing in the first place and no write-off. We do not have to make a profit. We receive the amount of money that is allotted to us by the government in their estimates to look after repairs and so on.

As a commercial venture, this is unprofitable. We do not carry insurance, for instance. As you know, the government of Canada does not carry insurance. There are a lot of costs that a commercial organization would have to have which we avoid in operating these as a government project.

Q. Do you operate them as closely as you can in order to keep even?—A. No, we hope to make a profit on them but that is not the prime motive. The prime motive is to provide a service to the producer.

I would not like to operate anything that is showing a loss, but we are going to show a loss this year, I am afraid, on these same government elevators.

The CHAIRMAN: Nothing is written off for depreciation?

The WITNESS: No.

By Mr. Nasserden:

Q. Mr. Chairman, in regard to these rapeseed screenings, are they retained by the person who cleans them?—A. They are retained by the owner of the rapeseed.

By Mr. McIntosh:

Q. You say that the elevators are going to operate at a loss this year. Could you tell us why that is so?—A. We are getting a very small handling.

Q. You mean the grain is not moving, and not being sold?—A. It is not moving through our terminals. There is a fair movement of grain. As I pointed out before, there is a stopover charge by the railways on grain coming in there. The wheat board has to leave the grain in there for a time and they are charged 1/45 storage at the terminal just as a convenience.

You have asked me if we are trying to make money out of this operation. We could charge 1/30, but we left the rate at 1/45 for the sole purpose of attracting business there.

Q. Perhaps Moose Jaw will make a profit this year?—A. You cannot operate an elevator on storage alone, you have to have handling.

Mr. THOMAS: I was thinking if it were possible we could perhaps persuade the government of Canada to build an elevator in southwestern Ontario.

By Mr. Kindt:

Q. In relation to the capacity which the Canadian government has, as of now, with respect to storage at terminal storage facilities, is there any thought to the expansion of terminal storage facilities, or do you feel that surplus grain on the prairies is a thing of the past?—A. There are two factors which determine whether there will be a surplus of grain or not. Those factors are; the amount that is sold for export, and the size of the crops. Those are the two determining factors. These two factors are not definite yet so I would hesitate to make any forecast as to whether we will have a larger or a smaller surplus at the end of next year.

Q. I would take it that the Board of Grain Commissioners considers the present storage facilities adequate to handle the Canadian grain crop?—A. Sir, it is not part of our duty to consider questions of that nature. We have to administer the Canada Grain Act.

Q. The administration of the Canada Grain Act involves the administration of the terminal storage facilities, is that right?—A. Only the operation of our own terminal storage facilities, sir.

In the matter of administering the other terminal storage facilities, they must conform in their operations to the provisions of the Canada Grain Act. They must operate at those charges which are set by our board.

Q. Let me put it another way. If a request were to come forward for additional terminal storage, who would that request come from?—A. It would come from the people who thought it was required, I presume.

Q. And what government agency administers this?—A. I imagine, in view of the set-up as it is now, it would go to the Minister of the Department of Trade and Commerce, and the government in its wisdom would do what it thought fit under the circumstances.

Q. Would not the government consult with the Board of Grain Commissioners?—A. I do not think they would. I think they would consult with the Canadian Wheat Board and use their own knowledge. We will supply them with the figures but we are not going to make up their minds for them.

Q. You would not go so far as to make a recommendation?—A. I might make a personal recommendation, but I do not think the Board should make a recommendation.

By Mr. McIntosh:

Q. In regard to terminal storage, you stated all these points where your elevators are; under whose control is the grain from, say, abandoned airports, and so on? Is it under your control?—A. Yes, we license these buildings.

Q. Have you any idea how much is in that type of building at the present time?—A. 14.6 millions.

Q. And what condition is the grain in? Is it in a good condition, the same as the grain in your elevators?—A. I would say yes, the grain is in good condition; we have to export it. And I did say today—I used a word which I do not think Dr. Anderson agrees with—I called it “tired wheat”, and I told you it was not quite as good for milling as grain that has not been in there as long as the other wheat. The wheat board and our board are working together to try to get these stocks run out; we would like to see it moved.

Q. What is the longest period that any grain has stayed in these buildings? How old is that 14 million bushels of wheat?—A. Approximately five years of age.

The CHAIRMAN: Shall we go on now to "lake freight rates"?

By Mr. Gundlock:

Q. Just a moment, Mr. Chairman; I was wondering, in running out this tired wheat that you speak of, is that a process of mixing with better wheat?—A. Mixing wheat with the same grade. As this is almost a public hearing, there are going to be public reports on it. I prefer not to talk now about it, if the committee will agree to that. If anyone who wants to talk about that would contact either Dr. Anderson or myself after the meeting, we will be glad to discuss it with you.

The CHAIRMAN: I would suggest if the members have any questions to ask in this regard that they could contact Mr. Milner after the meeting.

Mr. McINTOSH: I want to apologize for asking some of these questions; I am new on the committee.

The CHAIRMAN: Shall we proceed to "lake freight rates"?

Mr. MACLEOD:

Lake Freight Rates

The maximum rates authorized by the Board's Order No. 20 of September 28, 1954, as follows, remained in effect throughout the 1957 season of navigation:

	Wheat and Rye	Barley	Oats
(a) From: Fort William or Port Arthur, Ontario,		—cents—	
To: Georgian Bay Ports, Goderich, Sarnia and			
Walkerville	5½	5¼	5
Port Colborne	7½	7¼	6¾
Toronto	8	7½	7¼
Kingston	8¾	8¼	8
Prescott	9	8½	8¼
Montreal, Sorel, Three Rivers and Quebec			
City, Direct or Transferred at Intermediate			
Ports	16	15¼	14

(b) For grain loaded during the month of December in any year these maximum rates are increased two cents (2c) per bushel to compensate for increased insurance rates.

The average rates charged during the season are given in Table 11 of Appendix G.

Mr. MILNER: G is on page 48. I may say in explanation of this, these rates are set under the authority of the Inland Water Freight Rates Act, which is a permissive clause only, that our board shall set maximum freight rates on cargos between Canadian ports. All charters are required to be filed with our board before the loading of the vessel.

By Mr. Kindt:

Q. May I ask what effect the new seaway will have on these rates?—A. That is a matter wherein there is quite a considerable difference of opinion. There is a meeting tomorrow to discuss these tolls, and that is one of the reasons I am down here.

As you know, the St. Lawrence seaway has suggested certain tolls for carriage of grain. The tolls which have been suggested are six cents (per ton)

on the registered tonnage of the vessel and forty-two cents per ton on the cargo carried. That amounts to one-and-a-half cents a bushel on grain between Fort William and Montreal. I am assuming that a boat is coming back light, which is the case in most of our grain carrying boats. There has, up to this time, been no toll in the Welland canal for shipment of grain, so there is proposed now a toll of one-and-a-half cents a bushel which heretofore has not applied on grain shipments. If this toll is accepted, there will be a distinct saving on the transfer costs.

Perhaps I should go into this and explain it to you in a little more detail. A 600,000 bushel boat leaving Fort William going to a transfer point must transfer at Port Colborne, Prescott or Kingston into canal-sized vessels of about 100,000 bushels capacity. So you have six canal vessels that take the load through the canals. Now it must be obvious that there is a saving if you can operate one vessel from the head of the lakes right straight through to Montreal, rather than run six vessels from a transfer point down. So the savings in the transfer charge at the transfer elevator about offset the tolls that have been suggested by the toll committee. It has not been established yet as to whether a 600,000 bushel boat going through a canal system is an economic operation. It has been suggested that these large boats were built to carry full capacity at high rates of speed. The saving should be considerable and the amount of the saving I think will depend largely on the length of time that is elapsed in the canal system.

In figuring costs of transportation of vessels a rough estimate would be,—and it is generally accepted,—about \$2,100 a day for one operation of a full-sized vessel. Now, therefore, you will understand that if a vessel is delayed it is costly to the vessel when it costs that much to operate it. There is again the question of the berthing facilities where they have to deliver the grain, and the question in regard to the congestion there. There is no question about the fact there will be a saving, and it has been established to be probably four cents a bushel. At the moment I am not going to quarrel with that figure, but I will be interested to hear tomorrow at this tolls committee hearing what the vessel operators and others have to say about the savings that can be effected.

Q. Do I understand you to say the toll committee is the one that sets the rate?—A. Well, I do not know whether they will set them or whether the government of the country will set them. I imagine the St. Lawrence seaway authority will be the ones that will set the tolls under the direction of the government. There is a meeting being held simultaneously in Washington by the tolls committee there. This was a joint committee that suggested this toll structure.

Q. What I am anxious to get at is who is representing the farmers of western Canada in the setting of these sea-going rates? Is the case of the farmers of western Canada properly presented to those who are making the decisions?—A. I will not know until tomorrow whether the farmers have made representations to this toll committee or not. There has been some newspaper publicity about it and I suppose there will be representations from interested groups.

Q. I have one other question to ask: To what extent will the board of grain commissioners represent the interest of the farmers in western Canada in setting those rates?—A. We will not have anything to do with the toll rates, nor will we appear on that behalf. Under the Inland Waters Freight Rates Act, there is a permissive clause by which we can set maximum rates. If our board thought that the rates which were being charged for the movement of grain from Fort William to Montreal and through the seaway were discriminatory,

or were not in accordance with the rates charged from American ports to the same destination, we have the right under the Inland Waters Freight Rates Act to set maximum rates.

This is also only my own personal opinion, but I have always been of the opinion that when you set maximum rates that they tend to become the effective rates. You can see the maximum rate which we set and when you look at the charters; they were all made at the maximum. I have always been of the opinion that maximum rates tend to become the effective rates. It might be better to do away with it and let the market find its own level.

Q. Would there be sufficient competition to set that level?—A. I would think so. There is another provision of the Inland Water Freight Rates Act which we do not know how we can handle. But, if as expected, British built ships, come into the head of the lakes and take cargo direct to the United Kingdom, it is difficult for us to assess what portion of the rate quoted from Fort William to Liverpool is under our jurisdiction, because our jurisdiction is only in the Canadian inland waters. That is something which the government will have to give us some direction on.

By Mr. Muir (Lisgar):

Q. You said that the operating cost of a vessel would be \$2,100 a day?—A. Yes.

Q. Would it be reasonable, if they could operate to Montreal and return with cargos of iron ore that that would help reduce their costs?—A. Yes. However, there is no iron available at Montreal. They would have to go to Baie Comeau or Seven Islands and they would have to deliver at Cleveland on the way back. You can be assured if there is any money in it, that is the way the boats will operate.

Mr. HORNER (*Acadia*): I was interested in the discussion as to the reduced rates and the possibility of there being a reduced rate on the St. Lawrence seaway. I would certainly hope there is somebody there who is prepared to place the farmers' case before them, because if there is not a reduction, then, to a great many of the farmers in western Canada the seaway was not worth the effort to build; but I go along with others and hope there will be a reduction of 4 cents or more.

On the table it has the lake freight rate from Fort William to Montreal of 16 cents and we were given by the wheat board a figure of 27 cents. I wonder where the difference is.—A. I think the wheat board gave the total cost including the fobbing of the grain out of Fort William, the wharving charges and the re-fobbing at Montreal. This only represents the freight rate.

By Mr. McIntosh:

Q. Is this freight rate set down at a fixed rate or is it determined on the average? If the steamers go back and are willing to take it back at so many shillings less—A. That will be a very strong competitive market.

By Mr. Kindt:

Q. Mr. Chairman, I notice these rates in the table at the bottom of page 15 are set on the basis of space rather than weight, is that true—largely on the basis of space? In other words your rate on wheat and rye is 16 cents, on barley is 15½ cents and on oats 14 cents?—A. That is correct.

Q. In other words, it is a space matter rather than weight?—A. That is the basis of all tonnage rates that you have on the high seas and everywhere else; they have what they call a heavyweight rate and a lightweight rate.

The CHAIRMAN: Gentlemen, shall we proceed to the Prairie Farm Assistance Act?

Mr. MACLEOD:

Prairie Farm Assistance Act

Under the provisions of Section 11 of the Prairie Farm Assistance Act, the Board continued to collect the one per centum levy on grain purchased by licensees under the Canada Grain Act. During the crop year 1956-57, the amount collected was \$6,205,862.54. Collections by the Board since the inception of the Prairie Farm Assistance Act to July 31, 1957 total \$101,196,715.41.

The CHAIRMAN: Are there any comments?

By Mr. Muir (Lisgar):

Q. Do you just collect that and turn it over to the Government?—A. That is correct, sir, we check the figures that are turned in to us by various companies of grain handlers.

The CHAIRMAN: We will proceed to organization and personnel.

Mr. MACLEOD:

Organization and Personnel

Chief Commissioner R. W. Milner visited Great Britain and the Continent during the month of May, 1957, in connection with various matters relating to the Board's work.

The Director of Administrative Services, John Rayner, returned to duty after one year's leave of absence during which he served in Turkey with the Food and Agriculture Organization of the United Nations.

Dr. J. A. Anderson, Chief Chemist, was presented with the Thomas Burr Osborne Medal by the American Association of Cereal Chemists.

Dr. H. E. Gray of the Department of Agriculture was transferred to the staff of the Board to assume full time duties in the control of insect infestation in grain elevators.

P. J. Marples, Chairman of the Grain Appeal Tribunal at Calgary, retired on account of age after 48 years service and he was succeeded by R. E. Forrester, Inspector in Charge at Edmonton was appointed as Chairman of the Grain Appeal Tribunal at Edmonton. J. H. McLean, Grain Inspector in Charge at Moose Jaw assumed the duties vacated by Mr. Creighton. H. A. Munro succeeded Mr. McLean at Moose Jaw.

At December 31, 1957, the Board's staff totalled 935, an increase of 7 over 1956. The staff of the Canadian Government Elevators numbered 211 including 33 casuals. This is a decrease of 11 during the year.

A chart of the Board's organization will be found immediately following.

By Mr. Kindt:

Q. Mr. Chairman, to what extent has the work of Doctor H. E. Gray on insect infestation reached down to the problem of the farmer with insect infestation in stored grain on farms?—A. He did make spot checks on farms last year but he has not been able because of the immense amount of work that he had to do in connection with elevator stocks primarily which kept him busy to do a great deal of work on farm stocks, although he has at various places gone in and talked to farmers about their stocks.

By Mr. Forbes:

Q. Who assumes the loss that is estimated by this grain in storage in the elevator?—A. The person who owns the grain or the person who has charge of it. For instance, if it was Wheat Board grain in the elevator and it was damaged because of that, that is a loss to the terminal.

By Mr. Pascoe:

Q. It is mentioned here, the staff in the Canadian government elevators is 211. Are they in the Civil Service?—A. Not entirely, my secretary tells me. I never can understand where these people are.

Mr. MacLEOD: The situation, sir, is that they are under the Minister. They have all the benefits of the Civil Service. The Minister makes the appointment on the recommendations of the board.

The WITNESS: They receive all the benefits.

By Mr. Gundlock:

Q. Mr. Chairman, in the case of personnel that are loaned or whatever it might be to foreign countries,—is that a fact that they are loaned?—A. Yes, they were taken off our payroll, if that is what you mean and they were paid by the United Nations Organization at the request of the Department of Trade and Commerce. They asked for some person who was able to go over there and discuss with them the grain handling business. We had in this country our Mr. Rayner who at that time was chief administrative officer of the board and he was chosen by the department as the man who should go. They have another man there now taken from the grain trade but it did not cost us anything as far as our board is concerned or the government is concerned.

Q. I was not interested so much in the cost but the loss of the personnel.—A. Well, they asked us if we could get along without him. At the time he was looking over a revision of the Canada Grain Act section by section and discussing it with the board and we thought that could be deferred until he came back.

By Mr. Nasserden:

Q. Mr. Chairman, all of us appreciate, all of us who know Dr. Anderson appreciate what he has done and I was wondering what this medal is for?—

A. It is the highest decoration, I think, that can be obtained as a chemist.

By Mr. McIntosh:

Q. Mr. Chairman, one other question on organization and personnel. Mr. Milner made visits to Great Britain and the continent in connection with various matters in connection with the board's work. Would you care to say a few words in connection with the board's work that you conducted?—A. Yes, sir, I have no hesitation. We had complaints from a miller in Carlisle, England, on wheat from a ship called the Warkworth out of Churchill and Doctor Anderson made very exhaustive tests on the wheat from the sample we had and we could not find anything the matter with it and other people who had shipped on the Warkworth also had no complaints on it. Mr. Carr is a gentleman who has been in the business making Carr's biscuits for a hundred years. Any of you who have been in the Old Country will have seen signs of Carr's biscuits. He is a big buyer and a consistent buyer of Canadian wheat and we felt it desirable that we should go over and discuss it with him. Doctor Anderson was also over and discussed it with him.

Then there was the matter of the weight of cargoes being delivered in Ireland and other places on the continent and I wanted to see what kind of equipment they had and what the trouble was in connection with weight.

All of the matters I went over on were satisfactorily settled. There were other matters in connection with the Wheat Board office that Lawrie wanted me to look over in London and I met with the people from the Liverpool Corn Grain Association in London and discussed matters in connection with Canadian grain.

Q. That is what I wanted to bring out. There were no actual complaints on grading and inspection?—A. No, very, very few. We do get them on barley, but very, very little in the matter of wheat. We had a situation, I think probably we had more than we ordinarily had last year. Some member was talking about the freight angle and at the time of the Suez crisis a lot of freight was taken by shippers. I was in Hamburg and there was an importer there unloading a carload of barley. It was Canadian barley so naturally I got down and started looking at it and talking to him about it. He said, "I do not like this barley", so I said, "Do you not like the barley or do you not like the freight?" It was 10,000 tons of barley which he had booked at \$16.50 a ton and he had booked this vessel for three consecutive voyages and when I was there the freight was \$8.50 a ton at Montreal, so he was losing \$80,000 a cargo on that grain and so he did not like the grain or anything about it.

That, I think, was the reason we had a good many complaints on grain. They did not like anything about the shipments but we managed to convince the buyers in every case that our grain was all right. That is as far as the grades were concerned.

The CHAIRMAN: Expenditure and revenue?

Expenditure and Revenue

Total expenditure and accrued revenue of the Board, exclusive of the Canadian Government Elevators, for the fiscal year 1956-57 compared with 1955-56 was as follows:

The CHAIRMAN: Shall we take the statement as read?

	1956-57	1955-56
Expenditure	\$4,084,163.00	\$3,616,657.78
Revenue	3,038,945.00	2,330,380.66

Expenditure for the nine months of the 1957-58 fiscal year to December 31, 1957 totalled \$2,930,732 as against \$3,070,293 for the comparable period during 1956-57. Cash revenue for the same nine-month period amounted to \$1,946,092 as compared with \$2,274,201 in the previous year.

Attached hereto is a series of Appendices which outline in greater detail the work of the Board's Branches.

Respectfully submitted,

R. W. MILNER,
Chief Commissioner

S. LOPTSON,
Commissioner

W. J. MacLEOD,
Secretary

GEO. N. McCONNELL,
Commissioner

By Mr. Muir:

Q. What source of revenue do you have outside of Canadian government elevators?—A. Inspection and weighing fees, sir.

By Mr. Horner (Acadia):

Q. Would Mr. Milner care to comment on why the expenditures are higher—of course the revenues are higher too?—A. Salary accounted for, I think, \$230,000—not the board's salary. It was a civil service increase in salary.

Q. Then how come the revenue went up nearly \$700,000?—A. Well, I presume, that was just a heavy movement of grain. We must maintain our inspection and weighing services and if there is not a very heavy movement of grain, the staffs are there and we cannot collect inspection and weighing fees. In fact, the auditor general has told our board that we should raise the inspection and weighing fees so that we can come out even on our operation. But our board has been loathe to do that because the farmer, after all, is going to have to pay for it, so we have just left them the way they are and we are going along and hoping we will get a big handling.

Q. Do not put any more burden on the poor farmer.

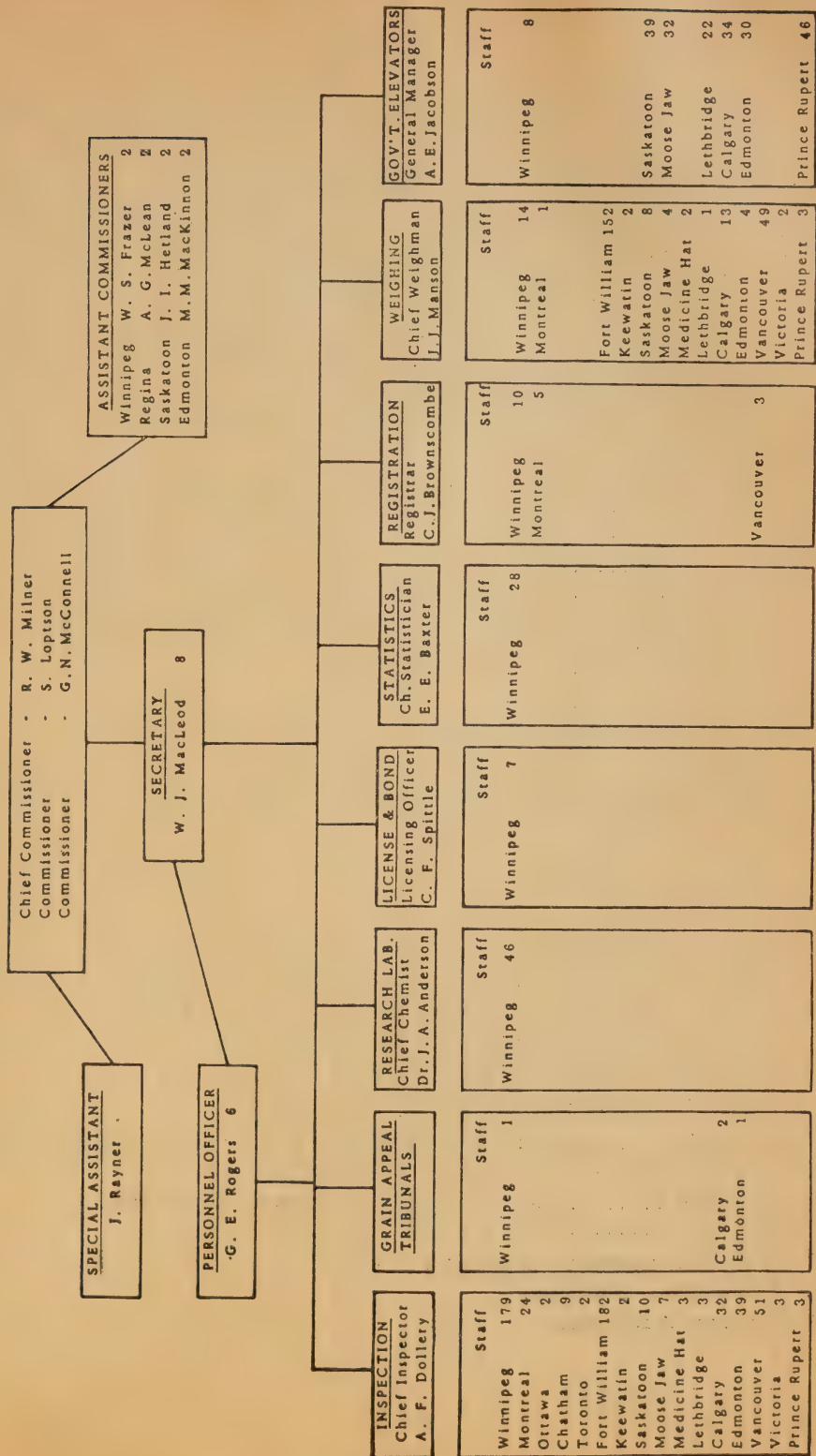
By Mr. McIntosh:

Q. Why are the Canadian government elevators treated separately under expenditures and revenue?

A. There are two different estimates coming up in the house. One is for administration and the other for operation of our elevators.

The CHAIRMAN: Gentlemen, we will go on to the appendices.

BOARD OF GRAIN COMMISSIONERS FOR CANADA



APPENDIX A

COMMITTEE ON WESTERN GRAIN STANDARDS, AS AT DECEMBER 31, 1957

R. W. Milner, Chief Commissioner, Board of Grain Commissioners
 S. Lopston, Commissioner, Board of Grain Commissioners
 G. N. McConnell, Commissioner, Board of Grain Commissioners
 A. F. Dollery, Chief Grain Inspector, Board of Grain Commissioners
 Dr. J. A. Anderson, Chief Chemist, Grain Research Laboratory
 D. E. Ross, Chairman, Grain Appeal Tribunal, Winnipeg
 R. E. Forrester, Chairman, Grain Appeal Tribunal, Calgary
 A. M. Creighton, Chairman, Grain Appeal Tribunal, Edmonton
 Dr. D. G. Hamilton, Dominion Cerealists
 L. A. McCorquodale, representing the millers of wheat flour
 George Bennett }
 W. H. Fairfield }
 Uri Powell } Representing grain growers in Alberta
 B. S. Plumer }
 J. H. Harrison }
 A. P. Gleave }
 J. Wellbelove } Representing grain growers in Saskatchewan
 L. L. Gray }
 N. W. Strelloff }
 W. J. Parker }
 R. Barrett } Representing grain growers in Manitoba
 Ray Mitchell }
 G. Constable, representing grain growers in British Columbia
 L. Bell, representing Plant Products Division, Department of Agriculture

COMMITTEE ON EASTERN GRAIN STANDARDS, AS AT DECEMBER 31, 1957

R. W. Milner, Chief Commissioner, Board of Grain Commissioners
 S. Lopston, Commissioner, Board of Grain Commissioners
 G. N. McConnell, Commissioner, Board of Grain Commissioners
 A. F. Dollery, Chief Grain Inspector, Board of Grain Commissioners
 W. G. Thomson, representing Montreal Board of Trade
 E. D. Sullivan, representing Toronto Board of Trade
 C. Gordon McAuley, representing exporters of grain
 F. H. Dunsford } Representing millers of wheat in the Eastern Division
 H. Norman Davis }
 J. R. Heaney } Representing grain growers in Ontario
 A. McLean }
 G. C. Nichols, representing growers of corn
 E. B. Paterson, Additional
 A. Bowman, Additional

APPENDIX B

GRAIN APPEAL TRIBUNALS

WINNIPEG	CALGARY	EDMONTON
D. E. Ross (Chairman)	R. E. Forrester (Chairman)	A. M. Creighton (Chairman)
E. A. Sangster	B. Jenkins	C. C. Young
Wm. E. McLeod	J. Tranter	M. G. Wood
G. A. Turner	W. M. Pringle	J. F. Schofield
James Gregory	A. E. Jones	T. Stickney
R. C. Sproule	W. G. McLeod	D. G. MacKeracher
J. F. Lazenby	G. C. Arbuthnott	H. A. Haggarty
D. K. Mills	A. Watson	C. E. Sage
G. I. Rocan	G. R. Deeton	Ross Saunders
N. Kawka (Secretary)		
TORONTO		MONTREAL
C. H. Coatsworth		P. J. Smith (Chairman)
R. C. Pratt		A. W. Brown
C. W. Heimbecker		E. B. Paterson
W. A. Robertson		J. A. Byrne
E. D. Sullivan		J. M. Vittie
J. Elder		G. D. Robinson
D. C. Kay, Jr. (Secretary)		Mrs. Muriel B. Hunter (Secretary)

For information on Appeals of Carlot Inspections refer to Appendix E, Table E-7.

APPENDIX C

LICENCE AND BONDING BRANCH

C. F. SPITTLE, *Licensing officer*

Licences are issued by the Board under the provisions of Section 79 of the Canada Grain Act which section also provides that every applicant for a licence shall furnish security by bond or otherwise for the due performance by the licensee of all obligations imposed upon him by the Act.

The Act provides that no railway company or vessel shall receive any Western grain from any elevator or discharge any such grain into any elevator unless such elevator is licensed.

The Act also provides that, except for contracts for the purchase of grain the consideration payable under which is to be paid in full in cash at the time of the making thereof or contracts for the purchase of grain made on the premises of a recognized grain exchange by or through brokers who are members of such exchange, no person in the Western division may make any contract for the purchase of Western grain by reference to any grade name nor act on behalf of any other person in making such contract on a commission basis, unless he is licensed under the Canada Grain Act as a grain dealer, track buyer or grain commission merchant.

During the crop year 1956-57, 5,540 licences were issued to 109 firms and individuals to handle grain under the Canada Grain Act, or fifteen less than in the previous crop year. In addition, country elevator licensees were authorized to use 417 special annexes, comprising flour sheds, coal sheds, skating rinks and other buildings.

On July 31, 1957, with 5,468 elevator licences in force and 403 buildings authorized for supplementary storage, the total licensed storage capacity was 613,160,260 bushels in elevators, and 15,142,090 bushels in special annexes to country elevators. In addition, 50 Track Buyers' Commission Merchants' and Grain Dealers' licences were also in force. The following table gives a comparative statement of numbers and classes of licences in force and storage capacity:

Kind of Licence	Licences in force July 31		Licensed storage capacity July 31	
	1957	1956	1957	1956
Country Elevators.....	5,360	5,378	360,886,950	353,884,150
Special Annexes to Country Elevators.....	*	*	15,142,090	14,518,640
Terminals and Mill Elevators.....	78	77	158,171,010	154,093,810
Eastern Elevators.....	30	30	94,102,300	92,182,300
Track Buyers, Commission Merchants and Grain Dealers.....	50	53	†	†
Totals.....	5,518	5,538	628,302,350	614,678,900

*493 buildings at July 31, 1957, and 402 buildings at July 31, 1956.

†These licences do not cover grain storage facilities.

During the crop year, twenty-two elevator licences were cancelled, one on account of licensee ceasing operation, three destroyed by fire, ten dismantled by licensees, and eight converted into annexes. The authorities covering fourteen special annexes were also cancelled.

Seventy country elevator licences were suspended by the Board for varying periods during rehabilitation and reconstruction of buildings, and one for infraction of the Act. Sixty-seven of these were subsequently reinstated, one was cancelled and three were still under suspension at July 31, 1957.

Guarantee bonds in the amount of \$29,972,836.50 executed by fifteen approved surety companies were deposited with the Board as security under Section 79 of the Canada Grain Act to cover operations of licensees during 1956-57. Three licensees deposited negotiable Government bonds with a par value of \$8,500 in lieu of furnishing the usual form of surety bonds.

At December 1, 1957, at which date essentially all licences were issued for the 1957-58 crop year, there were 5,461 elevator licences in force. In addition, 377 buildings other than elevators were authorized for supplementary storage. The total licensed storage capacity as at December 1, 1957, was 617,239,060 bushels in elevators and 14,952,690 bushels in special annexes, or a total increase of 10,014,050 bushels since December 1, 1956. The total storage capacity by provinces is: Manitoba, 59.7 million; Saskatchewan, 214.3; Alberta, 141.6; British Columbia 26.6; Ontario, 153.1; and Quebec and the Maritimes, 36.9 million bushels.

TABLE C-1

NUMBER AND KIND OF LICENCES ISSUED AND LICENSED STORAGE CAPACITY¹ AS AT DECEMBER 1ST EACH YEAR FOR THE PAST FIVE YEARS

Kind of Licence	1957	1956	1955	1954	1953
NUMBER OF LICENCES					
Public Country Elevator.....	5,343	5,354	5,369	5,352	5,326
Private Country Elevator.....	10	9	10	10	10
Mill Elevator.....	33	32	33	36	40
Public Terminal Elevator.....	—	5	5	6	6
Semi-Public Terminal Elevator.....	40	34	35	34	35
Private Terminal Elevator.....	5	5	5	7	6
Eastern Elevator.....	30	30	30	29	29
Track Buyer.....	21	21	21	21	21
Commission Merchant.....	23	23	25	25	26
Grain Dealer.....	5	5	7	8	9
Totals.....	5,510	5,518	5,540	5,528	5,508
LICENSED CAPACITY					
thousands of bushels					
Public Country Elevator.....	364,661	356,263	343,953	332,454	318,224
Special Annexes.....	14,953	15,080	8,522	5,369	4,411
Private Country Elevator.....	369	337	349	349	349
Mill Elevator.....	13,513	13,451	13,525	13,429	13,495
Public Terminal Elevator.....	—	17,100	17,100	18,350	18,350
Semi-Public Terminal Elevator.....	137,524	118,774	116,624	112,873	114,523
Private Terminal Elevator.....	7,070	7,070	7,070	7,295	7,220
Eastern Elevator.....	94,102	94,102	92,182	90,845	84,929
Totals.....	632,192	622,177	599,325	580,964	561,501

TABLE C-2

LICENSED ELEVATORS AND STORAGE AS AT DECEMBER 1, 1957

Kind of Elevator	Ontario	Manitoba	Saskatchewan	Alberta	British Columbia	Quebec and Maritimes	Totals
NUMBER OF ELEVATORS							
Public Country.....	2	697	2,921	1,706	17	—	5,343
Private Country.....	—	3	2	5	—	—	10
Mill.....	3	7	6	10	7	—	33
Public Terminal.....	—	—	—	—	—	—	—
Semi-Public Terminal.....	24	2	2	3	9	—	40
Private Terminal.....	2	2	—	1	—	—	5
Eastern.....	18	—	—	—	—	12	30
Totals.....	49	711	2,931	1,725	33	12	5,461
STORAGE CAPACITY							
			thousands of bushels				
Public Country.....	65	47,863	190,743	124,202	1,788	—	364,661
Special Annexes†.....	1,400	495	7,549	5,509	—	—	14,953
Private Country.....	—	75	61	233	—	—	369
Mill.....	1,480	2,095	4,916	4,095	927	—	13,513
Public Terminal.....	—	—	—	—	—	—	—
Semi-Public Terminal.....	90,517	6,000	11,000	6,100	23,907	—	137,524
Private Terminal.....	2,435	3,145	—	1,490	—	—	7,070
Eastern.....	57,161	—	—	—	—	36,941	94,120
Totals.....	153,058	59,673	214,269	141,629	26,622	36,941	632,192

† Offsite storage.

COLLECTION OF ONE PER CENT LEVY

The collection during the crop year 1956-57 of the one per cent levy made by this office under provisions of the Prairie Farm Assistance Act is recorded at \$6,205,862.54, a decrease of \$34,038.23 from collections during the previous crop year.

TABLE C-3

AMOUNTS COLLECTED AND GRAIN PURCHASED UNDER THE ONE PER CENT LEVY,
PRAIRIE FARM ASSISTANCE ACT, CROP YEAR 1956-57

Province	Wheat	Oats	Barley	Rye	Total
	\$	\$	\$	\$	\$
Manitoba.....	507,732.59	126,356.85	224,004.29	6,479.84	864,573.57
Saskatchewan.....	2,915,981.87	186,722.64	480,772.20	24,862.43	3,608,339.14
Alberta.....	1,241,482.94	113,837.30	365,203.94	12,337.15	1,732,861.33
Totals.....	4,665,197.40	426,916.79	1,069,980.43	43,679.42	6,205,774.04
Amount not allocated to provinces.	—	—	—	—	88.50
Total collections Aug. 1, 1956 to July 31, 1957.....	—	—	—	—	6,205,862.54
GRAIN PURCHASES					
thousands of bushels					
Manitoba.....	39,918	21,696	24,207	637	86,458
Saskatchewan.....	223,607	27,511	53,818	2,572	307,508
Alberta.....	99,058	19,878	42,949	1,248	163,133
Totals.....	362,583	69,085	120,974	4,457	557,099

"APPENDIX D"

REGISTRATION BRANCH

C. J. BROWNSCOMBE, *Registrar*

Section 127 of the Canada Grain Act requires the operators or managers of Public terminal, Semi-Public terminal and Eastern Elevators to issue warehouse receipts for all grain taken into store. Regulations No. 1 and No. 2 made by the Board under the provisions of Section 15 (22) of the Canada Grain Act require that all such warehouse receipts be registered with the Board as to grade and quantity at the time of issue and that these warehouse receipts be surrendered to the Board for registration for cancellation when the grain which they represent has been shipped out.

During the Crop Year 1956-57, registration service was provided for licensees of 5 public terminal elevators, 35 semi-public terminal elevators and 30 eastern elevators at the offices maintained by the Board at Montreal, Winnipeg and Vancouver.

Table D-1 of this appendix presents the total bushels, by grains, for which warehouse receipts were registered against unloads of grain and registered for cancellation against shipments of grain together with the averages of these handlings for the past ten years for comparison. In addition to these handlings, service was provided to licensees in the Western Division for the daily registration and registration for cancellation of splits, consolidations, grade adjustments and re-issue of warehouse receipts to facilitate the handling of grain and this work remained at normal levels throughout the crop year.

Records were maintained for each licensee in both the Eastern and Western Divisions, by grade, showing the total quantities registered, registered for cancellation or still outstanding daily, while a separate series of records was maintained to provide the full history of registration and cancellation particulars for all warehouse receipts issued by these licensees. Certified statements of outstanding warehouse receipt grade totals and of handlings for the non-mixing grades of wheat were issued as required for use in connection with the annual weigh-over of stocks of grain as carried out by Board officials at all terminal and eastern elevators.

The total registrations and registrations for cancellation of all grains for elevators in the Western Division show increases of 45.0 million and 14.0 million bushels respectively over those of the previous crop year and 61.0 million and 45.0 million bushels increases respectively, over those of the ten-year average. While the total bushels registered and registered for cancellation for elevators in the Eastern Division show a decline in comparison to similar handlings for the previous crop year, they show an increase of 44.0 million and 32.0 million bushels respectively, over those of the ten-year average.

Fees for registration services were charged at the rate of 4 cents a thousand bushels for registration and for registration for cancellation in the Western Division, and one cent a thousand bushels for similar service in the Eastern Division. The overall increase in the volume of handlings for registration purposes as shown for the combined Eastern and Western Divisions is reflected in the total fees collected for registration service of \$50,149.67 as compared to the ten-year average of \$45,155.86.

TABLE D-1

WAREHOUSE RECEIPT REGISTRATIONS FOR PRIMARY AND TRANSFER RECEIPTS AND SHIPMENTS AT PUBLIC AND SEMI-PUBLIC TERMINAL ELEVATORS AND EASTERN ELEVATORS, BY AREA AND GRAIN, CROP YEAR 1956-57 AND 10-YEAR AVERAGE.

Area	Grain	Crop Year 1956-57		10-Year Average, 1946-47 to 1955-56	
		Registered	Registered for Cancellation	Registered	Registered for Cancellation
—thousands of bushels—					
WESTERN DIVISION— Winnipeg, including Lake- head and Churchill.	Wheat.....	212,094	191,096	199,022	196,378
	Oats.....	49,174	52,303	69,106	71,063
	Barley.....	71,431	70,040	67,247	66,354
	Flax.....	22,611	21,419	7,412	7285
	Rye.....	6,600	6,739	11,002	10,862
	Mixed Grain...	477	472	963	635
	Corn.....	—	—	41	52
	Other Grains..	375	446	84	85
INTERIOR ELEVATORS— Calgary, Edmonton, Lethbridge, Moose Jaw and Saskatoon.	Wheat.....	4,048	5,168	5,234	3,932
	Oats.....	161	206	498	589
	Barley.....	1,194	1,285	1,623	1,708
	Flax.....	629	626	216	221
	Rye.....	28	31	40	37
	Mixed Grain...	—	35	5	25
	Corn.....	15	8	16	12
	Other Grains..	3,393	2,831	333	293
VANCOUVER AND PRINCE RUPERT AREA—	Wheat.....	107,234	105,221	81,141	80,182
	Oats.....	560	1,809	2,686	3,724
	Barley.....	30,212	31,585	8,660	8,446
	Flax.....	3,523	3,127	209	220
	Rye.....	—	—	70	66
	Mixed Grain...	1	46	49	53
	Corn.....	—	—	284	283
	Other Grains..	3,208	3,197	104	104
WESTERN DIVISION— All Points—	Wheat.....	323,376	301,485	285,397	280,492
	Oats.....	49,895	54,318	72,290	75,376
	Barley.....	107,837	102,910	77,530	76,508
	Flax.....	26,763	25,172	7,837	7,726
	Rye.....	6,628	6,770	11,112	10,965
	Mixed Grain...	478	553	1,017	713
	Corn.....	15	8	341	347
	Other Grains..	6,976	6,474	521	482
Totals—All Grains.....	516,968	497,690	456,045	452,609	
EASTERN DIVISION—	Wheat.....	294,474	277,531	288,833	284,654
	Oats.....	48,334	48,847	44,134	44,475
	Barley.....	81,498	81,444	68,580	68,357
	Flax.....	37,418	37,153	11,611	11,626
	Rye.....	2,866	3,199	8,910	8,846
	Mixed Grain...	470	477	512	491
	Corn.....	11,103	10,876	16,519	16,578
	Screenings.....	2,826	2,936	1,030	1,015
	Peas.....	241	241	48	54
	Soybeans.....	5,234	5,079	1,977	1,975
	Buckwheat....	298	189	279	280
	Other Grains..	1,804	1,793	98	97
Totals—All Grains.....	486,566	469,765	442,531	438,448	

APPENDIX E

INSPECTION BRANCH

A. F. DOLLERY, *Chief Grain Inspector*

Under Section 32 of the Canada Grain Act, the Grain Inspection Branch in the Western Division samples and grades all grain enroute from country points to terminal and mill elevators or other destinations, at the primary inspection points of Winnipeg, Edmonton and Calgary. All grain is also sampled and graded on delivery to terminal or mill elevators at Saskatoon, Moose Jaw, Medicine Hat and Lethbridge, if such grain has not passed through an inspection point. In addition, inspectors resample and check primary grading of all grain unloaded into terminal and mill elevators at the Lakehead, Churchill, Pacific Coast and interior points, as well as sampling and grading all grain shipped from terminal or mill elevators.

In the Eastern Division, sampling and grading service is provided on request at Chatham and Toronto for Eastern grown grain. At Montreal, Quebec, Sorel, Three Rivers, St. John and Halifax, grain loaded into vessels for export is sampled and the grades are checked. Grades of all grain in store in all terminal and eastern elevators weighed over during the crop year are verified by Inspection Branch officials.

In the crop year ended July 31, 1957, inspections of Western grain at primary points totalled 298,635 carlots compared with 285,521 carlots in the previous crop year. This total is 3.6 per cent higher than the average for the past ten years.

The predominant grade in Red Spring Wheat was No. 3 Manitoba Northern with 29.1 per cent of total wheat inspections. This was mainly due to several heavy frosts experienced in the beginning of the crop year. With 28.8 per cent grading No. 2 Manitoba Northern and 1.3 per cent grading No. 1 Manitoba Northern, the first three grades totalled 59.2 per cent as compared with 65.2 per cent in the previous crop year. Of the Durum Wheat inspected, 46.2 per cent graded No. 4 C.W. No. 2 C.W. showed a percentage of 4.9 per cent—No. 3 C.W. 15.8 per cent—Extra No. 4 C.W. 19.9 per cent—No. 5 C.W. 9.6 per cent and No. 6 C.W. 1.1 per cent, of total Amber Durum inspections.

In this year's crop 48.1 per cent of the Oats inspected graded No. 1 Feed compared with 54.4 per cent in the previous year. In the higher grades of No. 3 C.W. and Extra No. 1 Feed, the percentages were 24.3 per cent and 20.8 per cent respectively, as compared with 21.0 per cent and 13.1 per cent respectively in the previous year.

The predominant grade in Barley was No. 1 Feed with 31.4 per cent, followed by 3 C.W. 6 Row with 28.2 per cent and Extra 2 Feed with 14.1 per cent. In Rye 52.3 per cent graded 3 C.W. and 22.2 per cent 2 C.W., as compared to the previous crop year, 46.6 per cent and 32.3 per cent respectively. The quality of Flax was good this year with 69.2 per cent grading 1 C.W. and 26.6 per cent 2 C.W., or 95.8 per cent of total flax inspections as compared to the previous year of 80.8 per cent and 15.9 per cent respectively.

Mustard seed carlots inspected this crop year were much higher with 580 carlots as compared to 18 the previous year. The main grade in Mustard Seed was No. 1 Canada Western Oriental with 82.1 per cent.

This crop year showed a vast increase in acreage of Rapeseed with 2,375 carlots being inspected as compared to 642 carlots in the previous crop year.

There was a noticeable increase this year in the number of two pound samples "subject to grade and dockage" submitted. Total inspected being 30,363 as compared to 15,575 the previous year.

Grain inspections on loadings to vessels at the Lakehead, Pacific Coast and Churchill terminal elevators totalled 475 million bushels as compared with 452 million bushels in the previous crop year. Export cargoes shipped from St. Lawrence and Atlantic ports, totalling 145 million bushels, were sampled and checked for grade at loading as compared with 191 million bushels in the previous crop year. Cargoes received at Montreal totalling 82 millions were also sampled and grades checked, as compared with 85 million in the previous crop year.

Eastern grown grain sampled and inspected in carlots totalled 8,143 cars of which 7,335 cars were handled by the Chatham office. In the previous crop year the totals were 11,752 and 10,861 respectively. Wheat accounted for 3,773 cars.

WESTERN DIVISION

TABLE E-1

PRIMARY CARLOT INSPECTIONS BY GRAINS, CROP YEAR 1956-57, COMPARED WITH 1955-56 AND 10-YEAR AVERAGE 1946-47 TO 1955-56

	10-Year Average	1956-57	1955-56	10-Year Average	1956-57	1955-56
		Carlots		Percent of total		
Wheat.....	194,921	198,796	190,537	67.6	66.5	66.7
Oats.....	34,791	20,868	21,844	12.1	7.0	7.7
Barley.....	45,174	55,168	54,625	15.7	18.5	19.1
Rye.....	6,321	3,339	6,630	2.2	1.1	2.3
Flaxseed.....	5,505	16,257	10,248	1.9	5.4	3.6
Mixed Grain.....	580	241	243	0.2	0.1	0.1
Corn.....	151	182	212	0.1	0.1	0.1
Buckwheat.....	63	122	143	*	*	0.1
Screenings.....	457	471	322	0.2	0.2	0.1
Rapeseed.....	98	2,375	642	*	0.8	0.2
Sunflower Seeds.....	1	—	—	*	—	—
Peas.....	85	234	57	*	0.1	*
Mustard Seed.....	2	580	18	*	0.2	*
Sample Grain.....	—	2	—	—	*	—
Totals.....	288,149	298,635	285,521	100.0	100.0	100.0

*Less than 0.05%

TABLE E-2

PRIMARY CARLOT INSPECTIONS BY POINTS, CROP YEAR 1956-57, COMPARED WITH 1955-56 AND 10-YEAR AVERAGE 1946-47 TO 1955-56

	10-Year Average	1956-57	1955-56	10-Year Average	1956-57	1955-56
		Carlots		Percent of total		
Winnipeg.....	201,036	188,149	185,714	69.8	63.1	65.0
Calgary.....	35,792	46,993	40,971	12.4	15.7	14.3
Edmonton.....	29,887	39,526	34,944	10.4	13.2	12.2
Moose Jaw.....	4,789	4,454	4,503	1.7	1.5	1.6
Saskatoon.....	6,910	7,304	7,780	2.4	2.4	2.7
Lethbridge.....	129	628	28	*	0.2	*
Medicine Hat.....	3,074	1,796	2,275	1.1	0.6	0.8
Vancouver.....	1,837	585	508	0.6	0.2	0.2
Churchill.....	4,695	9,200	8,798	1.6	3.1	3.2
Totals.....	288,149	298,635	285,521	100.0	100.0	100.0

*Less than 0.05%

TABLE E-3

PRIMARY CARLOT INSPECTIONS CROP YEAR 1956-57, BY GRAIN AND GRADES

Grade	Carlots	Percentage	Percentage of Total Wheat Inspections
WHEAT			
1 Manitoba Northern.....	2,412	1.3	—
2 Manitoba Northern.....	53,489	28.8	—
3 Manitoba Northern.....	53,918	29.1	—
4 Manitoba Northern.....	25,758	13.9	—
No. 4 Special.....	51	*	—
No. 5.....	29,049	15.6	—
No. 5 Special.....	123	0.1	—
No. 6.....	8,372	4.5	—
Feed.....	423	0.2	—
Sample.....	358	0.2	—
Smutty.....	173	0.1	—
Rejected.....	5,373	2.9	—
Tough.....	6,222	3.3	—
Damp.....	41	*	—
Broken Red Spring.....	2	*	—
Condemned.....	4	*	—
Total Red Spring Wheat.....	185,768	100.0	93.5
2 Canada Western Garnet.....	5	1.8	—
3 Canada Western Garnet.....	190	67.6	—
4 Canada Western Garnet.....	14	5.0	—
Smutty Canada Western Garnet.....	1	0.4	—
Rejected Canada Western Garnet.....	8	2.8	—
Tough Canada Western Garnet.....	63	22.4	—
Total Garnet Wheat.....	281	100.0	0.1
1 Canada Western Amber Durum.....	14	0.1	—
2 Canada Western Amber Durum.....	545	4.9	—
3 Canada Western Amber Durum.....	1,758	15.8	—
Extra 4 Canada Western Amber Durum.....	2,225	19.9	—
4 Canada Western Amber Durum.....	5,146	46.2	—
5 Canada Western Amber Durum.....	1,076	9.6	—
6 Canada Western Amber Durum.....	118	1.1	—
Smutty Canada Western Amber Durum.....	17	0.2	—
Rejected Canada Western Amber Durum.....	117	1.0	—
Tough Canada Western Amber Durum.....	116	1.0	—
Damp Canada Western Amber Durum.....	5	*	—
Sample Canada Western Amber Durum.....	20	0.2	—
Total Amber Durum Wheat.....	11,157	100.0	5.6
2 Canada Western Soft White Spring.....	38	19.1	—
3 Canada Western Soft White Spring.....	94	47.2	—
4 Canada Western Soft White Spring.....	65	32.7	—
Tough Canada Western Soft White Spring.....	2	1.0	—
Total Soft Western White Spring.....	199	100.0	0.1
1 Canada Western Mixed Wheat.....	12	10.3	—
2 Canada Western Mixed Wheat.....	7	6.0	—
3 Canada Western Mixed Wheat.....	34	29.3	—
4 Canada Western Mixed Wheat.....	25	21.6	—
5 Canada Western Mixed Wheat.....	11	9.5	—
6 Canada Western Mixed Wheat.....	17	14.7	—
Smutty Canada Western Mixed Wheat.....	1	0.9	—
Rejected Canada Western Mixed Wheat.....	5	4.3	—
Tough Canada Western Mixed Wheat.....	4	3.4	—
Total Mixed Wheat.....	116	100.0	0.1

TABLE E-3

PRIMARY CARLOT INSPECTIONS, CROP YEAR 1956-57,
BY GRAIN AND GRADES—*Continued*

Grade	Carlots	Percentage	Percentage of Total Wheat Inspections
WHEAT— <i>Concluded</i>			
1 Alberta Red Winter.....	210	16.5	—
2 Alberta Winter.....	714	56.0	—
3 Alberta Winter.....	250	19.6	—
4 Alberta Winter.....	61	4.8	—
Smutty Alberta Winter.....	10	0.8	—
Rejected Alberta Winter.....	30	2.3	—
Total Alberta Winter Wheat.....	1,275	100.0	0.6
Total All Wheats.....	198,796	—	100.0

Grade	Carlots	Percentage
OATS		
2 Canada Western.....	29	0.1
Extra 3 Canada Western.....	426	2.0
3 Canada Western.....	5,077	24.3
Extra 1 Feed.....	4,331	20.8
1 Feed.....	10,032	48.1
2 Feed.....	581	2.8
3 Feed.....	100	0.5
Mixed Feed Oats.....	4	*
Rejected Oats.....	31	0.2
Sample Oats.....	34	0.2
Tough.....	218	1.0
Damp.....	3	*
Mixed Feed Oats Groats.....	2	*
Total Oats.....	20,868	100.0

BARLEY

2 Canada Western Six Row.....	899	1.6
3 Canada Western Six Row.....	15,572	28.2
4 Canada Western Six Row.....	2,001	3.6
1 Canada Western Two Row.....	2	*
2 Canada Western Two Row.....	203	0.4
3 Canada Western Two Row.....	4,200	7.6
1 Feed.....	17,263	31.4
Extra 2 Feed.....	7,798	14.1
2 Feed.....	3,344	6.1
3 Feed.....	1,147	2.1
Rejected.....	187	0.3
Sample.....	45	0.1
Tough.....	2,490	4.5
Damp.....	17	*
Total Barley.....	55,168	100.0

STANDING COMMITTEE

TABLE E-3

PRIMARY CARLOT INSPECTIONS, CROP YEAR 1956-57,
BY GRAIN AND GRADES—Continued

Grade	Carlots	Percentage
RYE		
1 Canada Western.....	2	0.1
2 Canada Western.....	740	22.2
3 Canada Western.....	1,749	52.3
4 Canada Western.....	403	12.1
Ergoty Rye.....	337	10.1
Rejected.....	21	0.6
Sample.....	3	0.1
Tough.....	79	2.4
Damp.....	1	*
Ergot and Other Grains.....	4	0.1
Total Rye.....	3,339	100.0
FLAXSEED		
1 Canada Western.....	11,251	69.2
2 Canada Western.....	4,321	26.6
3 Canada Western.....	457	2.8
4 Canada Western.....	7	*
Rejected.....	17	0.1
Sample.....	25	0.2
Tough.....	153	0.9
Damp.....	26	0.2
Total Flaxseed.....	16,257	100.0
MIXED GRAIN		
1 Canada Western.....	35	14.5
2 Canada Western.....	22	9.1
3 Canada Western.....	95	39.5
4 Canada Western.....	3	1.2
Rejected.....	16	6.6
Sample.....	53	22.0
Tough.....	9	3.7
Damp.....	8	3.4
Total Mixed Grain.....	241	100.0
CORN		
1 Canada Western Yellow.....	10	5.5
2 Canada Western Yellow.....	37	20.3
3 Canada Western Yellow.....	19	10.4
4 Canada Western Yellow.....	8	4.4
5 Canada Western Yellow.....	2	1.1
Tough.....	5	2.8
Others.....	1	0.6
U.S.A. Origin.....	100	54.9
Total Corn.....	182	100.0

TABLE E-3

PRIMARY CARLOT INSPECTIONS, CROP YEAR 1956-57,
BY GRAIN AND GRADES—*Concluded*

Grade	Carlots	Percentage
MUSTARD SEED		
Extra 1 Canada Western Yellow.....	1	0.2
2 Canada Western Yellow.....	1	0.2
1 Canada Western Oriental.....	477	82.1
2 Canada Western Oriental.....	23	4.0
3 Canada Western Oriental.....	4	0.7
1 Canada Western Brown.....	30	5.2
2 Canada Western Brown.....	4	0.7
3 Canada Western Brown.....	2	0.3
Sample Canada Western Oriental.....	1	0.2
Sample Canada Western Brown.....	3	0.5
Others.....	22	3.8
U.S.A. Mustard Seed.....	12	2.1
Total Mustard Seed.....	580	100.0

SCREENINGS

1 Feed.....	7	1.5
Uncleaned.....	316	67.1
Refuse.....	113	24.0
Sample.....	35	7.4
Total Screenings.....	471	100.0
Buckwheat.....	122	—
Peas.....	234	—
Rapeseed.....	2,375	—
Sample Grain.....	2	—
Grand Total.....	298,635	—

*Less than 0.05%

TABLE E-4.

CARLOTS OF TOUGH, DAMP AND STRAIGHT GRAIN INSPECTED AT PRIMARY
INSPECTION POINTS, CROP YEAR 1956-57

Grain	Tough	Damp	Tough and Damp	Straight	Total
Wheat.....	6,407	46	6,453	192,343	198,796
Oats.....	218	3	221	20,647	20,868
Barley.....	2,490	17	2,507	52,661	55,168
Rye.....	79	1	80	3,259	3,339
Flaxseed.....	153	26	179	16,078	16,257
Others.....	14	8	22	4,185	4,207
All Grains.....	9,361	101	9,462	289,173	298,635
PERCENTAGE OF TOTAL					
Wheat.....	% 3.2	% *	% 3.2	% 96.8	% 100.0
Oats.....	1.0	*	1.1	98.9	100.0
Barley.....	4.5	*	4.5	95.4	100.0
Rye.....	2.4	*	2.4	97.6	100.0
Flaxseed.....	0.9	0.2	1.1	98.9	100.0
Others.....	0.3	0.2	0.5	99.5	100.0
All Grains.....	3.1	*	3.2	96.8	100.0

*Less than 0.05%

TABLE E-5

NUMBER OF TWO POUND SAMPLES "SUBJECT TO GRADE AND DOCKAGE"
INSPECTED CROP YEAR 1956-57 COMPARED WITH THE CROP YEAR 1955-56

Point	1956-57	1955-56
	Number of Samples	
Winnipeg.....	23,183	11,110
Calgary.....	2,148	1,271
Edmonton.....	1,913	1,079
Moose Jaw.....	228	66
Saskatoon.....	1,184	748
Lethbridge.....	1,647	1,246
Medicine Hat.....	60	55
Totals.....	30,363	15,575

TABLE E-6

CARLOTS RE-INSPECTED, CROP YEAR 1956-57

Point	In- spected	Re-in- spected	Un- changed	Grades Raised	Grades Lowered	Dockage Raised	Dockage Lowered
	Number of Carlots						
Winnipeg.....	188,149	13,150	5,378	3,682	276	303	3,511
Calgary.....	46,993	4,406	1,758	1,330	83	176	1,059
Edmonton.....	39,526	5,902	2,524	1,363	39	283	1,693
Saskatoon.....	7,304	324	295	28	—	—	1
Moose Jaw.....	4,454	351	323	26	2	—	—
Medicine Hat.....	1,796	76	42	23	9	—	2
Lethbridge.....	628	—	—	—	—	—	—
Vancouver.....	585	16	13	3	—	—	—
Churchill.....	9,200	—	—	—	—	—	—
Totals.....	298,635	24,225	10,333	6,455	409	762	6,226
	Percentage of Total Re-inspections						
	%	%	%	%	%	%	%
Winnipeg.....	—	100	40.9	28.0	2.1	2.3	26.7
Calgary.....	—	100	39.9	30.2	1.9	4.0	24.0
Edmonton.....	—	100	42.7	23.1	0.7	4.8	28.7
Saskatoon.....	—	100	91.1	8.6	—	—	0.3
Moose Jaw.....	—	100	92.0	7.4	0.6	—	—
Medicine Hat.....	—	100	55.3	30.3	11.8	—	2.6
Lethbridge.....	—	100	—	—	—	—	—
Vancouver.....	—	100	81.2	18.8	—	—	—
Churchill.....	—	100	—	—	—	—	—
Totals.....	—	100	42.7	26.6	1.7	3.1	25.9
	Percentage of Total Inspections						
	%	%	%	%	%	%	%
Winnipeg.....	100	7.0	2.9	2.0	0.1	0.2	1.9
Calgary.....	100	9.4	3.7	2.8	0.2	0.4	2.3
Edmonton.....	100	14.9	6.4	3.4	0.1	0.7	4.3
Saskatoon.....	100	4.4	4.0	0.4	—	—	—
Moose Jaw.....	100	7.9	7.3	0.6	—	—	—
Medicine Hat.....	100	4.2	2.3	1.3	0.5	—	0.1
Lethbridge.....	100	—	—	—	—	—	—
Vancouver.....	100	2.7	2.2	0.5	—	—	—
Churchill.....	100	—	—	—	—	—	—
Totals.....	100	8.1	3.5	2.2	0.1	0.3	2.1

TABLE E-7

SUMMARY OF CARLOT INSPECTIONS APPEALED, CROP YEAR 1956-57

Item	Winnipeg		Edmonton		Calgary		Total	
	Cars	Percent	Cars	Percent	Cars	Percent	Cars	Percent
Left as graded....	684	93.8	220	77.7	598	85.9	1,502	87.9
Grades Raised....	45	6.2	62	21.9	96	13.8	203	11.9
Grades Lowered....	—	—	1	0.4	2	0.3	3	0.2
Totals.....	729	100.0	283	100.0	696	100.0	1,708	100.0
Total Cars Inspected.....							298,635	100.00
Total Appeals.....							1,708	0.57
Total Grades Changed.....							206	0.07

TABLE E-8

VESSEL SHIPMENTS INSPECTED, CROP YEAR 1956-57

Grain	Fort William and Port Arthur	Vancouver	Victoria	Prince Rupert	Churchill	Total
	bu.	bu.	bu.	bu.	bu.	bu.
Wheat.....	171,357,190	102,882,125	1,199,669	492,883	16,250,319	292,182,186
Oats.....	47,728,441	527,895	—	—	101,200	48,357,536
Barley.....	72,481,270	22,556,631	—	8,157,986	—	103,195,887
Rye.....	5,872,794	—	—	—	—	5,872,794
Flaxseed.....	13,689,845	2,438,195	711,590	—	—	16,839,630
Buckwheat.....	162,717	—	—	—	—	162,717
*Sample Grain.....	219,328	—	—	—	—	219,328
*Screenings.....	4,189,426	—	—	424	110,800	4,300,650
*Canada Rapeseed.....	—	1,340,220	1,051,947	—	—	2,392,167
*Mustard Seed.....	—	1,111,665	—	—	—	1,111,665
*U.S.A. Mustard Seed..	—	66,907	—	—	—	66,907
Totals:.....	315,701,011	130,923,638	2,963,206	8,651,293	16,462,319	474,701,467

* In bushels of 50 pounds.

TABLE E-9

CARLOT SHIPMENTS EX TERMINAL ELEVATORS INSPECTED, CROP YEAR 1956-57

Grain	Winnipeg	Fort William and Port Arthur	Calgary	Edmonton	Moose Jaw
			Number of Carlots		
Wheat.....	644	1,980	566	230	1,087
Oats.....	271	2,124	25	120	121
Barley.....	321	1,303	729	35	49
Flaxseed.....	56	4,051	165	206	24
Rye.....	1	440	16	—	1
Mixed Grain.....	87	—	27	2	4
Corn.....	10	—	—	—	—
Buckwheat.....	3	4	—	—	—
Peas.....	71	—	—	—	—
Rapeseed.....	4	110	98	397	—
Screenings.....	356	5,240	238	140	110
Sample Grain.....	—	254	—	—	—
Totals.....	1,824	15,506	1,864	1,130	1,396

TABLE E-9

CARLOT SHIPMENTS EX TERMINAL ELEVATORS INSPECTED, CROP YEAR 1956-57
—Concluded

Grain	Saskatoon	Lethbridge	Medicine Hat	Vancouver, Victoria and Prince Rupert	Churchill
Wheat.....	1,632	542	13	549	—
Oats.....	128	—	9	339	—
Barley.....	29	—	—	214	—
Flaxseed.....	15	19	171	8	—
Rye.....	—	—	—	1	—
Mixed Grain.....	—	1	—	18	—
Corn.....	—	—	—	—	—
Buckwheat.....	—	—	—	—	—
Peas.....	—	—	—	—	—
Rapeseed.....	287	—	—	4	—
Mustard Seed.....	—	1	—	—	—
Screenings.....	689	1	3	1,663	8
Totals.....	3,320	564	196	2,796	8

TABLE E-10

EASTERN DIVISION
CARLOT INSPECTIONS EASTERN GRAIN, CROP YEAR 1956-57,
BY GRAINS AND POINTS

Grain	Montreal	Toronto	Chatham	Total
Carlots				
Wheat.....	—	453	3,320	3,773
Oats.....	—	—	—	—
Barley.....	—	9	159	168
Rye.....	—	—	30	30
Buckwheat.....	1	—	17	18
Corn.....	1	4	1,870	1,875
Beans.....	—	—	259	259
Soybeans.....	—	338	1,680	2,018
Flaxseed.....	—	2	—	2
Totals.....	2	806	7,335	8,143

TABLE E-11

CARLOT INSPECTIONS EASTERN GRAIN, CROP YEAR 1956-57, BY GRAINS,
GRADES AND POINTS

Grade	Montreal	Toronto	Chatham	Total
Carlots				
WHEAT				
1 Canada Eastern White Winter.....	—	25	555	580
2 Canada Eastern White Winter.....	—	123	988	1,111
3 Canada Eastern White Winter.....	—	12	149	161
4 Canada Eastern White Winter.....	—	—	14	14
5 Canada Eastern White Winter.....	—	—	9	9
1 Canada Eastern Mixed Winter.....	—	—	143	143
2 Canada Eastern Mixed Winter.....	—	—	146	146
3 Canada Eastern Mixed Winter.....	—	—	19	19
6 Canada Eastern Winter.....	—	8	15	23
Tough.....	—	272	1,179	1,451
Smutty.....	—	—	2	2
Weevilly.....	—	—	15	15
Infested.....	—	—	12	12
Damp.....	—	5	30	35
Sample.....	—	7	42	49
Condemned.....	—	1	2	3
Totals, Wheat.....	—	453	3,320	3,773

TABLE E-11

CARLOT INSPECTIONS EASTERN GRAIN, CROP YEAR 1956-57, BY GRAINS,
GRADES AND POINTS—*Continued*

Grade	Montreal	Toronto	Chatham	Total
		Carlots		
BARLEY				
2 Canada Eastern Six Row.....	—	—	1	1
3 Canada Eastern Six Row.....	—	—	10	10
4 Canada Eastern.....	—	1	82	83
5 Canada Eastern.....	—	1	6	7
6 Canada Eastern.....	—	—	1	1
Tough.....	—	2	55	57
Damp.....	—	1	3	4
Sample.....	—	4	1	5
Totals, Barley.....	—	9	159	168
RYE				
2 Canada Eastern.....	—	—	15	15
4 Canada Eastern.....	—	—	1	1
Tough.....	—	—	11	11
Damp.....	—	—	2	2
Sample.....	—	—	1	1
Totals, Rye.....	—	—	30	30
BUCKWHEAT				
2 Canada Eastern.....	—	—	1	1
Tough.....	—	—	6	6
Damp.....	1	—	10	11
Totals, Buckwheat.....	1	—	17	18
CORN				
Extra Dry 1 Canada Eastern Yellow.....	—	—	50	50
1 Canada Eastern Yellow.....	—	—	489	489
Extra Dry 2 Canada Eastern Yellow.....	—	—	95	95
2 Canada Eastern Yellow.....	1	—	339	340
Extra Dry 3 Canada Eastern Yellow.....	—	—	122	122
3 Canada Eastern Yellow.....	—	—	167	167
Extra Dry 4 Canada Eastern Yellow.....	—	—	51	51
4 Canada Eastern Yellow.....	—	—	38	38
Extra Dry 5 Canada Eastern Yellow.....	—	—	3	3
5 Canada Eastern Yellow.....	—	1	2	3
Tough.....	—	—	240	240
Damp.....	—	—	184	184
Moist.....	—	—	80	80
Wet.....	—	—	9	9
Sample.....	—	3	1	4
Totals, Corn.....	1	4	1,870	1,875

TABLE E-11

CARLOT INSPECTIONS EASTERN GRAIN, CROP YEAR 1956-57, BY GRAINS,
GRADES AND POINTS—*Concluded*

Grade	Montreal	Toronto	Chatham	Total
		Carlots		
BEANS				
1 Canada Eastern Pea.....	—	—	71	71
2 Canada Eastern Pea.....	—	—	105	105
3 Canada Eastern Pea.....	—	—	12	12
4 Canada Eastern Pea.....	—	—	1	1
Tough.....	—	—	69	69
Damp.....	—	—	1	1
Total, Beans.....	—	—	259	259
SOYBEANS				
1 Canada Yellow.....	—	83	751	834
2 Canada Yellow.....	—	233	378	611
3 Canada Yellow.....	—	6	166	172
4 Canada Yellow.....	—	1	118	119
5 Canada Yellow.....	—	—	29	29
Tough.....	—	15	213	228
Damp.....	—	—	20	20
Moist.....	—	—	2	2
Sample.....	—	—	3	3
Totals, Soybeans.....	—	338	1,680	2,018
FLAXSEED				
Tough.....	—	2	—	2
Totals, Flaxseed.....	—	2	—	2
Totals, All Grains.....	2	806	7,335	8,143

TABLE E-12

CARGO INSPECTIONS EASTERN GRAIN, CROP YEAR 1956-57

Grain	St. John and Halifax	Montreal	Toronto	Chatham	Total
	bu.	bu.	bu.	bu.	bu.
Wheat.....	—	—	—	852,112	852,112
Corn.....	—	—	—	1,326,621	1,326,621
Soybeans.....	127,224	210,400	337,471	1,309,597	1,984,682
Totals.....	127,224	210,400	337,471	3,488,330	4,163,425

TABLE E-12A

CARGO INSPECTIONS, WESTERN GRAIN, CROP YEAR 1956-57

Grain	St. John and Halifax	Montreal	Toronto	Chatham	Total
	bu.	bu.	bu.	bu.	bu.
Flaxseed.....	7,401,543	618,898	—	—	8,020,441
Rapeseed.....	—	11,146	—	—	11,146
Totals.....	7,401,543	630,044	—	—	8,031,587

TABLE E-13

INSPECTIONS, EASTERN GRAIN IN BINS OR WAREHOUSES, CROP YEAR 1956-57

Grain	Montreal	Toronto	Chatham	Total
	bu.	bu.	bu.	bu.
Oats.....	7,087	—	—	7,087
Buckwheat.....	12,537	—	—	12,537
Beans.....	—	—	152,474	152,474
Totals.....	19,624	—	152,474	172,098

TABLE E-14

INWARD AND EXPORT CARGOES SAMPLED AND GRADE CHECKED,
CROP YEAR 1956-57

—	Montreal	Sorel	Three Rivers	Quebec	Halifax and Saint John	Total
	bu.	bu.	bu.	bu.	bu.	bu.
EASTERN GRAIN						
Inward.....	1,889,681	—	—	—	—	1,889,681
Export.....	1,328,806	—	—	—	342,607	1,671,413
WESTERN GRAIN						
Inward.....	77,881,954	112,707	—	—	—	77,994,661
Export.....	85,200,540	13,136,257	11,601,522	10,685,864	21,517,667	142,141,850
U.S. GRAIN						
Inward.....	2,248,527	—	—	—	—	2,248,527
Export.....	1,272,832	—	—	—	—	1,272,832
Totals.....	169,822,340	13,248,964	11,601,522	10,685,864	21,860,274	227,218,964

TABLE E-15

GRAIN SAMPLED BUT NOT INSPECTED, CROP YEAR 1956-57

—	Montreal	Toronto and Chatham	Sorel, Three Rivers and Quebec	Halifax and Saint John	Total
EASTERN GRAIN					
Carlots.....	22	12	—	—	34
Inward Cargoes..... (bu.)	82,330	—	—	—	82,330
Outward Cargoes..... (bu.)	156,239	—	—	—	156,239
Bin Lots..... (bu.)	484,539	—	—	—	484,539
WESTERN GRAIN					
Carlots.....	57	9	—	—	66
Inward Cargoes..... (bu.)	310,041	—	5,722	—	315,763
Outward Cargoes..... (bu.)	2,998,835	—	1,053,733	966,027	5,018,595
Bin Lots..... (bu.)	145,273	333,960	88,882	—	568,115
U.S.A. GRAIN					
Carlots.....	49	—	—	—	49
Inward Cargoes..... (bu.)	1,554,245	—	—	—	1,554,245
Bin Lots..... (bu.)	412,968	—	95,570	—	508,538
Totals—Cars.....	128	21	—	—	149
—Bushels.....	6,144,470	333,960	1,243,907	966,027	8,688,364

APPENDIX F

GRAIN WEIGHING BRANCH

J. J. MANSON, *Chief Grain Weighman*

Under the provisions of Sections 33 and 124 of the Canadian Grain Act, all grain received at or shipped from licensed terminal elevators is weighed under the supervision of the Board's weighing staffs. Weighing services are also provided at licensed mill elevators.

During the Crop Year 1956-57, forty-five public, semi-private and private terminal elevators and twenty-eight mill elevators in the Western Division were serviced.

All scales and the equipment for transferring grain to scales on receipt and for shipment in all licensed terminal elevators and serviced mill elevators were regularly inspected during the crop year under the provisions of Section 92 of the Act. In accordance with the special arrangement with the Standards Branch of the Department of Trade and Commerce, all scales in licensed terminal and eastern elevators were inspected, verified, and stamped by the Board's Scale Inspector acting as an inspector under the Weights and Measures Act. A semi-annual inspection was also made of all scales at terminal elevators to ascertain if scales were maintaining their accuracy. Special inspections were also made when any doubt arose as to the accuracy of any particular scale.

New installations of dust control and other elevator equipment in terminal and eastern elevators were inspected to ensure that such equipment did not affect the accuracy of the weighing of grain received at or shipped from these elevators.

During the crop year under review, 305,276 carlots of grain were weighed on receipt at terminal and mill elevators in the Western Division and of these car lots, 56,141 or 18.3% were reported leaking and 7,877 or 2.5% were without seals or had defective seals.

This Branch maintained a close checking of reported outturns at eastern elevators of cargoes loaded at Lakehead terminals and investigations were made in cases of reported excessive shortages with a view to assessing the liability in cases where such could be established.

Under provisions of Sections 139 and 140 of the Canada Grain Act, weighovers were conducted at thirty terminal elevators and at twenty-one eastern elevators. Results were submitted to the Board's Statistics Branch for comparison with outstanding warehouse receipts and preparation of official statements.

The following tables summarize the grain weighed and other information relating to the work of this Branch.

TABLE F-1
GROSS QUANTITIES OF ALL GRAINS WEIGHED AT TERMINAL ELEVATORS IN THE WESTERN DIVISION DURING
1956-57 CROP YEAR

Point	Wheat	Oats	Barley	Rye	Flaxseed	Canadian Corn	Canadian Buckwheat	Canadian Peas	Miscellaneous
	bu.	bu.	bu.	bu.	bu.	bu.	bu.	bu.	lbs.
RECEIPTS									
Fort William-Port Arthur.....	201,127,804	50,906,446	80,389,194	6,780,120	26,347,739	—	205,070	3,302	91,530,723
Vancouver-New Westminster.....	108,765,472	563,973	22,404,424	—	3,072,573	—	—	—	114,069,539
Victoria.....	1,506,560	4,249	1,250	—	869,482	—	—	—	52,500,090
Prince Rupert.....	—	—	8,215,368	—	—	—	—	—	—
Churchill.....	16,576,265	—	—	—	—	—	—	—	—
Calgary.....	512,000	3,013	1,129,476	28,145	344,388	—	—	—	1,214,170
Edmonton.....	390,240	114,953	63,546	—	357,933	15,070	—	—	47,979,590
Lethbridge.....	584,015	—	—	—	30,586	—	—	—	—
Moose Jaw.....	1,203,458	—	1,968	—	3,218	—	—	—	—
Saskatoon.....	1,466,213	43,344	—	—	—	—	—	—	110,658,880
North Transcona.....	348,946	34,706	62,269	2,231	16,006	—	—	—	4,460,300
Total Receipts.....	332,480,973	51,670,684	112,327,495	6,810,496	31,041,925	15,070	205,070	3,302	422,314,292
SHIPMENTS									
Fort William-Port Arthur.....	174,244,302	52,930,425	77,104,511	6,737,285	21,774,473	—	166,046	3,032	720,182,204
Vancouver-New Westminster.....	103,982,322	1,778,906	22,969,991	—	2,454,188	—	—	—	275,525,104
Victoria.....	1,201,035	30,160	1,360	—	711,591	—	—	—	57,924,780
Prince Rupert.....	37,417	—	8,613,433	—	—	—	—	—	7,354,100
Churchill.....	16,484,320	101,200	—	—	—	—	—	—	6,069,371
Calgary.....	879,112	5,889	1,221,361	30,691	301,382	—	—	—	13,857,230
Edmonton.....	424,112	124,872	61,061	—	301,025	8,820	—	—	50,657,640
Lethbridge.....	1,045,121	—	375	—	27,930	—	—	—	81,520
Moose Jaw.....	798,795	—	1,968	—	3,218	—	—	—	2,838,820
Saskatoon.....	2,020,566	75,505	—	—	—	—	—	—	113,215,830
North Transcona.....	371,714	18,851	60,759	2,231	15,913	—	—	—	4,323,300
Total Shipments.....	301,488,816	55,065,839	110,034,839	6,770,207	25,589,720	8,820	166,046	3,302	1,252,029,889

TABLE F-2

NUMBER OF CARS LEAKING AND CARS WITH MISSING SEALS AT THE LAKEHEAD, AT OTHER POINTS AND AT WINNIPEG YARDS, BY RAILWAYS, FOR THE CROP YEAR 1956-57

Destination	Cars Leaking		Missing Seals	
	C.N.R.	C.P.R.	C.N.R.	C.P.R.
Lakehead Elevators and Yards.....	20,623	20,670	1,971	3,188
Other Points.....	6,852	7,996	1,370	1,348
Totals.....	27,475	28,666	3,341	4,536
Totals, both Railways.....	56,141		7,877	
Winnipeg Yards.....	1,191	1,613	858	980

TABLE F-3

NUMBER OF CARS WEIGHED AT ALL POINTS AND PERCENTAGE OF SUCH CARS FOUND LEAKING OR WITH DEFECTIVE SEALS, CROP YEARS 1955-56 AND 1956-57

	Number		Percentage of Total	
	1956-57	1955-56	1956-57	1955-56
Cars Weighed In.....	305,276	293,489	100.0	100.0
Inward Cars Leaking.....	56,141	54,349	18.3	18.5
Inward Cars with Missing or Defective Seals.....	7,877	6,923	2.5	2.4
Cars Weighed Out.....	30,171	32,615	—	—

TABLE F-4

AVERAGE REPORTED OUTTURN SHORTAGES ON VESSEL SHIPMENTS OF GRAIN FROM FORT WILLIAM-PORT ARTHUR TO CANADIAN AND UNITED STATES PORTS DURING THE 1956-57 CROP YEAR.

Grain	Bushels Shipped	Shortage in Pounds per 1,000 Bushels	
		1956-57	1955-56

CANADIAN PORTS

Wheat.....	148,497,650	31.1	28.4
Durum Wheat.....	16,817,014	15.4	35.9
Oats.....	37,164,830	21.1	19.1
Barley.....	51,412,138	28.7	30.3
Rye.....	1,589,056	46.9	42.4
Flaxseed.....	13,557,206	21.3	29.3
Buckwheat.....	121,313	51.1	44.1
Mixed Grain (in lbs.).....	3,259,154	.4 lbs.	—
Sample Grain (in lbs.).....	8,680,897	per 1,000 lbs. .8 lbs.	1.1 lbs.
Screenings (in tons).....	54,553	per 1,000 lbs. 1.1 lbs. per ton	per 1,000 lbs. 1.7 lbs. per ton

UNITED STATES PORTS

Wheat.....	5,442,247	63.7	53.3
Durum Wheat.....	—	—	—
Oats.....	10,480,376	53.1	17.2
Barley.....	21,363,155	43.6	43.7
Rye.....	4,300,526	36.1	5.6
Flaxseed.....	28,231	124.0	—
Buckwheat.....	41,404	111.2	—
Sample Grain (in lbs.).....	—	—	1.3 lbs. per 1,000 lbs.
Screenings (in tons).....	50,183	—	—

TOTAL CANADIAN AND UNITED STATES PORTS

Wheat.....	153,939,897	32.3	29.3
Durum Wheat.....	16,817,014	15.4	35.9
Oats.....	47,645,206	28.2	19.0
Barley.....	72,775,293	33.1	35.2
Rye.....	5,889,582	39.0	31.5
Flaxseed.....	13,585,437	21.6	29.3
Buckwheat.....	162,717	64.7	44.1
Mixed Grain (in lbs.).....	3,259,154	.4 lbs.	—
Sample Grain (in lbs.).....	8,680,897	per 1,000 lbs. .8 lbs.	1.1 lbs.
Screenings (in tons).....	104,736	per 1,000 lbs. .5 lbs. per ton	per 1,000 lbs. .9 lbs. pr ton

APPENDIX G

STATISTICS BRANCH

E. E. BAXTER, *Chief Statistician*

The Statistics Branch receives regular reports from all elevators licensed under the Canada Grain Act and from these returns compiles and publishes basic statistics relating to the storage and handling of grain within the Canadian elevator system. It prepares audit statements of the operations of all terminal and eastern elevators, verifies the insurance carried on grain stocks, supplies for review by the Board a detailed analysis of country and terminal grain handlings and cooperates with other Board offices in the maintenance of detailed records of principal operations.

The general statistical bulletins released by this office were continued with only normal adjustments in form during 1956-57. A further expansion in the demand for the weekly "Canadian Grain Position" bulletin indicated the increasing use of this current reference document within the grain trade and related fields. The wider adaption of all grain statistics was also reflected in additional requests for special studies and reports. The Branch's machine accounting unit was adjusted and expanded during the year to meet the needs for further records and statistics in connection with terminal and country elevator records, vessel shipping studies and special scientific analyses carried out by the Board's Grain Research Laboratory. Particular extensions were made in those control records related to terminal and country elevator weigh-overs.

Following representations from certain trade organizations an investigation was initiated regarding the advisability of changing the unit of grain measurement from the bushel to the hundredweight. A report covering the basic proposition and initial findings was presented to the Department in May and further study is being carried out.

The facilities and procedures of the office were made available for examination by representatives of foreign nations studying Board operations under the Colombo Plan.

The responsibilities of the office under provisions of the Inland Water Freight Rates Act were met by the examination of vessel charter confirmations covering all lake grain cargoes shipped from Fort William-Port Arthur during the 1957 season. These records covered a total vessel movement from Fort William-Port Arthur elevators of 278.6 million bushels of the five principal grains in 1,072 separate cargoes from the opening of the 1957 season of navigation on April 10 to its closing on December 14, 1957.

The records and statements prepared in connection with the grain audits of terminal and eastern elevators under Sections 139 and 140 of the Canada Grain Act have been expanded to provide additional details for Board analysis. Study was made of records procedures necessary to meet proposed changes in screenings dust disposal at terminals.

Detailed records of Canadian grain prices have been maintained as required under Section 21 of the Canada Grain Act, and in pursuance of Section 102, storage value reports and grain insurance documents have been examined to ensure adequate protection to the owners of grain held in licensed elevators.

Annual stock and handling returns from 5,360 country elevators covering 1956-57 operations were examined and tabulated as a basis for statistical records and special analytical reports for Board review. The reporting procedure with respect to country elevator weighups instituted late in 1955-56 was further developed to facilitate the administrative work of the Executive Branch and the Assistant Commissioners. -

Summary grain statistics with respect to the 1956-57 crop year and the 1957 season of navigation are presented in table form below. Complete details are published in the Branch's annual export publication—"Canadian Grain Exports 1956-57" and in the "Grain Trade of Canada" released jointly by this office and the Agriculture Division of the Dominion Bureau of Statistics.

TABLE G-1

SUPPLY AND DISPOSITION OF CANADIAN GRAIN, CROP YEAR 1956-57

	Wheat	Oats	Barley	Rye	Flaxseed
	bu.	bu.	bu.	bu.	bu.
SUPPLY					
Carry-over July 31, 1956.....	579,573,811	119,105,841	110,947,935	15,313,037	2,507,471
Production in 1956.....	573,062,000	524,445,000	269,065,000	8,584,000	34,463,000
Total Supply.....	1,152,635,811	643,550,841	380,012,935	23,897,037	36,970,471
DISPOSITION					
Exported Overseas.....	256,884,039	1,065,973	55,318,712	1,094,209	21,582,468
Exported to U.S.A.....	5,871,501	17,615,326	21,562,199	4,353,311	—
Consumed in Canada*.....	160,677,838	398,799,416	160,400,136	4,289,281	7,807,435
Total Disposition*.....	423,433,378	417,480,715	237,281,047	9,736,801	29,389,903
CARRY-OVER (July 31, 1957)					
On Farms (estimated).....	319,160,000	172,100,000	80,980,000	10,640,000	1,520,000
In Country Private Terminal and Mill Elevators.....	242,003,946	41,860,937	39,095,328	1,521,342	1,704,862
In Public and Semi-Public Terminal Elevators.....	75,878,162	5,008,836	15,216,469	1,100,752	2,666,281
In Store at and Afloat to Eastern Elevators.....	73,269,834	4,728,890	5,433,604	424,075	853,402
In Eastern Flour Mills.....	2,340,000	168,000	75,000	1,000	—
In Transit by Rail—Eastern and Western Divisions.....	16,339,432	2,098,932	1,845,250	455,067	836,020
In Store and in Transit to the United States.....	211,059	104,531	86,235	18,000	—
Total in Store July 31, 1957*	729,202,433	226,070,126	142,731,886	14,160,236	7,580,565

*Subject to revision.

TABLE G-2.

PRODUCTION AND PRODUCERS' MARKETINGS IN WESTERN CANADA,
BY PROVINCES, CROP YEAR 1956-57

	Wheat	Oats	Barley	Rye	Flaxseed
	bu.	bu.	bu.	bu.	bu.
PRODUCTION (DBS estimate)					
Manitoba.....	56,000,000	92,000,000	42,000,000	1,100,000	8,000,000
Saskatchewan.....	355,000,000	165,000,000	99,000,000	4,100,000	19,000,000
Alberta and British Columbia...	141,175,000	147,460,000	123,147,000	1,338,000	7,236,000
Totals.....	552,175,000	404,460,000	264,147,000	6,538,000	34,236,000
PRODUCERS' MARKETINGS					
(a) At Country Elevators					
Manitoba.....	39,147,481	21,657,694	24,168,542	619,392	6,544,145
Saskatchewan.....	220,759,115	27,034,752	53,058,039	2,283,722	15,855,980
Alberta.....	98,132,888	19,706,228	42,904,639	1,106,547	5,619,413
Totals.....	358,039,484	68,398,674	120,131,220	4,009,661	28,019,538
(b) At Public and Semi-Public Terminals					
Manitoba.....	8,621	19,857	17,372	—	—
Saskatchewan.....	542,283	107,691	42,102	—	2,739
Alberta.....					
Totals.....	550,904	127,548	59,474	—	2,739
(c) At Interior Private and Mill Elevators					
Manitoba.....	245,569	55,075	45,991	2,146	260,177
Saskatchewan.....	1,845,595	235,100	212,441	1,807	169,897
Alberta.....	1,660,173	395,322	135,628	37,276	510,848
Totals.....	3,751,337	685,497	394,060	41,229	940,922
(d) Loaded over Platforms					
Manitoba.....	3,429	21,881	1,702	—	1,765
Saskatchewan.....	52,769	—	8,837	1,600	15,262
Alberta.....	56,041	20,740	65,823	10,800	32,420
Totals.....	112,239	42,621	76,362	12,400	49,447
Total Producers' Marketings					
Manitoba.....	39,405,100	21,754,507	24,233,607	621,538	6,806,087
Saskatchewan.....	222,657,479	27,269,852	53,279,317	2,287,129	16,041,139
Alberta.....	100,391,385	20,229,981	43,148,192	1,154,623	6,165,420
Totals.....	362,453,964	69,254,340	120,661,116	4,063,290	29,012,646

TABLE G-3.

RECEIPTS AND SHIPMENTS OF CANADIAN GRAIN AT TERMINAL
ELEVATORS, CROP YEAR 1956-57

	Wheat	Oats	Barley	Rye	Flaxseed
	bu.	bu.	bu.	bu.	bu.
Fort William-Port Arthur—					
Receipts.....	195,262,256	49,603,513	77,675,031	5,888,463	22,570,376
Shipments.....	173,912,620	52,473,080	75,822,174	6,019,663	21,377,931
Vancouver-New Westminster—					
Receipts.....	105,689,077	523,674	22,162,647	—	2,797,724
Shipments.....	103,891,341	1,746,446	22,969,989	—	2,408,095
Victoria—					
Receipts.....	1,463,987	1,838	1,250	—	710,874
Shipments.....	1,201,035	30,160	1,360	—	704,475
Prince Rupert—					
Receipts.....	—	—	8,048,192	—	—
Shipments.....	37,417	—	8,613,453	—	—
Churchill—					
Receipts.....	16,160,117	—	—	—	—
Shipments.....	16,484,320	101,200	—	—	—
Transcona—					
Receipts.....	343,043	34,395	61,822	2,231	16,006
Shipments.....	371,684	18,851	60,759	2,231	15,913
Calgary—					
Receipts.....	506,835	3,013	1,128,183	28,125	300,309
Shipments.....	879,112	5,889	1,221,361	30,691	297,362
Edmonton—					
Receipts.....	385,981	114,649	63,429	—	297,944
Shipments.....	424,112	124,872	61,061	—	297,533
Lethbridge—					
Receipts.....	569,985	—	—	—	27,697
Shipments.....	1,045,121	—	375	—	27,681
Moose Jaw—					
Receipts.....	1,171,686	—	1,967	—	3,218
Shipments.....	798,795	—	1,967	—	3,218
Saskatoon—					
Receipts.....	1,413,976	43,287	—	—	—
Shipments.....	2,020,566	75,504	—	—	—
Total Receipts.....	322,966,943	50,324,369	109,142,521	5,918,819	26,724,148
Total Shipments.....	301,066,123	54,576,002	108,752,499	6,052,585	25,132,208

TABLE G-4.

SHIPMENTS OF FOREIGN GRAIN FROM CANADIAN ELEVATORS INTO
CANADIAN CONSUMER CHANNELS, CROP YEAR 1956-57

From	United States Flaxseed	United States Corn	United States Soybeans	United States Rice	Iran Rice
	bu.	bu.	bu.	bu.	bu.
Eastern Elevators.....	47,040	6,223,301	1,714,801	113,657	48,148
Fort William-Port Arthur.....	—	—	—	—	—
Interior Terminals.....	—	—	—	—	—
Interior Private and Mill Elevators	—	1,059,697	—	—	—
Pacific Coast Elevators.....	—	—	—	—	—

TABLE G-5

PRIMARY RECEIPTS AND SHIPMENTS AT EASTERN ELEVATORS, CROP YEAR
1956-57

	Receipts	Shipments
	bu.	bu.
Canadian Grain—		
Wheat.....	170,138,510	153,430,147
Oats.....	38,842,719	39,693,102
Barley.....	48,093,642	48,846,074
Rye.....	1,691,314	2,020,125
Flaxseed.....	21,378,233	21,006,474
Corn.....	2,510,755	2,976,734
Beans.....	2,263,806	2,212,832
Buckwheat.....	298,322	187,965
Peas.....	241,010	240,660
Rapeseed (lbs.).....	82,094,660	81,541,810
Mixed Grain (lbs.).....	282,766	
Sample Grain (lbs.).....	12,681,790	13,286,145
United States Grain—		
Wheat.....	—	137,384
Flaxseed.....	2,093,279	1,782,760
Corn.....	8,203,155	7,445,183
Soybeans.....	1,806,570	1,714,801
Rice.....	113,657	113,657
Other Foreign Grain—		
Iran Rice.....	48,148	48,148

TABLE G-6

SUPPLY AND DISPOSITION OF CANADIAN GRAIN IN UNITED STATES POSITIONS,
CROP YEAR 1956-57

	Wheat	Oats	Barley	Rye	Flaxseed
	bu.	bu.	bu.	bu.	bu.
SUPPLY					
In Store and in Transit U.S.A.....	770,887	820,675	—	73,723	—
Receipts direct from Canada.....	6,388,557	16,899,182	21,562,199	4,297,588	195,983
Total Supply.....	7,159,444	17,719,857	21,562,199	4,371,311	195,983
DISPOSITION					
Exported.....	480,137	—	—	—	195,983
Returned to Canada.....	729,054	—	—	—	—
Used Domestically.....	5,871,501	17,615,326	21,562,199	4,353,311	—
Total Disposition.....	7,080,692	17,615,326	21,562,199	4,353,311	195,983
In store and in Transit, July 31, 1957	78,752	104,541	—	18,000	—

TABLE G-7
EXPORTS OF CANADIAN WHEAT, BY SEABOARD SECTORS, BY MONTHS, CROP YEAR 1956-57

	Via Canadian Pacific Ports	Via Canadian St. Lawrence- Atlantic Ports	Via Churchill	Via Fort William- Port Arthur Direct	Via United States Atlantic Ports	United States Imports ¹		Total All Wheat	Wheat Flour ²	Total Wheat and Wheat Flour
						For Domestic Use	Milling in Bond			
1956	bu.	bu.	bu.	bu.	bu.	bu.	bu.	bu.	bu.	bu.
August.....	10,457,624	9,265,882	6,383,640	—	—	222,657	—	26,329,803	3,434,137	29,763,940
September.....	7,139,734	8,632,846	8,704,023	—	—	86,272	59,490	24,622,365	2,781,128	27,403,493
October.....	8,200,568	11,320,183	1,162,657	—	—	221,637	—	20,905,355	3,359,384	24,264,739
November.....	8,244,519	12,332,770	—	—	—	874,536	—	21,451,825	3,196,380	24,648,205
December.....	9,478,220	7,070,050	—	—	480,137	763,141	70,971	17,862,519	2,907,296	20,769,815
1957										
January.....	9,427,980	5,003,423	—	—	—	486,757	—	14,918,160	3,343,186	18,261,346
February.....	8,043,622	3,894,696	—	—	—	114,812	—	12,053,130	2,796,915	14,850,045
March.....	7,888,192	5,846,866	—	—	—	168,321	—	13,903,379	2,776,353	16,679,732
April.....	7,071,193	5,309,207	—	—	—	295,718	—	12,676,118	3,055,258	15,731,376
May.....	9,232,341	10,261,922	—	—	—	371,925	858,581	20,724,769	2,316,619	23,041,388
June.....	8,464,153	13,578,776	—	—	—	734,393	60,676	22,837,998	1,848,816	24,686,814
July.....	10,471,065	9,019,344	—	—	—	416,938	64,366	19,971,713	2,682,934	22,654,647
Total Crop Year 1956-57.....	104,119,211	101,535,965	16,250,320	—	480,137	4,757,417	1,114,084	228,257,134	34,498,406	262,755,540
Total Crop Year 1955-56.....	98,322,316	150,556,005	12,818,845	18,667	227,233	6,676,014	562,395	269,181,475	39,999,990 ³	309,181,465
5-Year Average 1951-1952 to 1955-56.....	99,893,747	136,362,144	10,442,143	96,836	1,624,552	12,751,713	3,439,257	264,610,392	46,894,367	311,504,759

¹ Compiled from returns of Canadian elevator licensees and shippers and advice from American grain correspondents.

² Canadian Customs returns converted to bushels—unadjusted from time lag.

³ Revised—adjusted to remove effect of time lag in reports made by the Customs.

TABLE G-8

OVERSEAS EXPORTS OF CANADIAN GRAIN, BY SEABOARD SECTORS, BY GRADES, CROP YEAR 1956-57

Grades	Via Canadian Pacific Ports	Via Canadian St. Lawrence- Atlantic Ports	Via Churchill	Via United States Atlantic Ports	Total
	bu.	bu.	bu.	bu.	bu.
WHEAT—					
1 Manitoba Northern.....	940,088	5,536,629	260,618	—	6,737,335
2 Manitoba Northern.....	30,800,376	37,102,679	13,532,788	—	81,435,843
3 Manitoba Northern.....	36,894,595	22,742,185	1,700,533	480,137	61,817,450
4 Manitoba Northern.....	7,472,471	4,872,057	264,165	—	12,608,693
No. 5.....	24,047,231	12,309,496	65,399	—	36,422,126
No. 6.....	1,466,070	26,966	—	—	1,493,036
2 C.W. Garnet.....	—	1,991	—	—	1,991
3 C.W. Garnet.....	259,840	—	—	—	259,840
1 Alberta Red Winter.....	222,477	—	—	—	222,477
2 Alberta Winter.....	777,925	—	—	—	777,925
3 Alberta Winter.....	234,845	—	—	—	234,845
Other Western.....	1,003,293	6,371,546	426,817	—	7,801,656
Eastern.....	—	508,413	—	—	508,413
2 C.W. Amber Durum.....	—	848,381	—	—	848,381
3 C.W. Amber Durum.....	—	1,895,694	—	—	1,895,694
Extra 4 C.W. Amber Durum....	—	3,096,383	—	—	3,096,383
4 C.W. Amber Durum.....	—	6,083,020	—	—	6,083,020
Other Durum.....	—	140,525	—	—	140,525
Totals.....	104,119,211	101,535,965	16,250,320	480,137	222,385,633
OATS—					
2 C.W.....	883	—	—	—	883
Extra 3 C.W.....	—	16,487	—	—	16,487
3 C.W.....	7,059	164,733	—	—	171,792
Extra 1 Feed.....	5,294	—	—	—	5,294
1 Feed.....	34,706	12,035	—	—	46,741
Mixed Feed.....	479,953	—	—	—	479,953
Eastern.....	—	3,295	—	—	3,295
Totals.....	527,895	196,550	—	—	724,445
BARLEY—					
3 C.W. Six-Row.....	1,378,875	435,270	—	—	1,814,145
3 C.W. Two-Row.....	9,504,287	1,265,989	—	—	10,770,276
1 Feed.....	14,913,499	1,186,494	—	—	16,099,993
Extra 2 Feed.....	4,189,219	1,406,684	—	—	5,595,903
2 Feed.....	1,184,168	19,753,417	—	—	20,937,585
Other Western.....	—	100,810	—	—	100,810
Totals.....	31,170,048	24,148,664	—	—	55,318,712
RYE—					
2 C.W.....	—	265,538	—	—	265,538
3 C.W.....	—	828,671	—	—	828,671
Totals.....	—	1,094,209	—	—	1,094,209
FLAXSEED—					
1 C.W.....	2,009,010	14,080,045	—	195,983	16,285,038
2 C.W.....	1,141,406	4,156,024	—	—	5,297,430
Totals.....	3,150,416	18,236,069	—	195,983	21,582,468

TABLE G-9
OVERSEAS EXPORTS OF CANADIAN GRAIN, BY PORTS, CROP YEAR 1956-57

Loaded at	Wheat (All varieties)	Oats	Barley	Rye	Flaxseed	Total All Grains
	bu.	bu.	bu.	bu.	bu.	bu.
Vancouver-New Westminster	102,882, 125	527, 895	22, 556, 595	—	2, 438, 825	128, 405, 440
Victoria	1, 199, 669	—	—	—	711, 591	1, 911, 260
Prince Rupert	37, 417	—	8, 613, 453	—	—	8, 650, 870
Montreal	52, 869, 592	196, 550	17, 614, 733	269, 767	10, 668, 133	81, 618, 775
Sorel	8, 075, 293	—	4, 895, 900	—	165, 075	13, 136, 268
Three Rivers	10, 748, 034	—	853, 520	—	—	11, 601, 554
Quebec	11, 036, 301	—	—	—	—	11, 036, 301
Saint John	1, 077, 066	—	—	—	35, 993	1, 113, 059
West Saint John	8, 862, 006	—	784, 511	5, 946	4, 719, 318	14, 371, 781
Halifax	8, 867, 673	—	—	818, 496	2, 047, 550	12, 333, 719
Churchill	16, 250, 320	—	—	—	—	16, 250, 320
Totals—Canadian Ports	221, 905, 496	724, 445	55, 318, 712	1, 094, 209	21, 386, 485	300, 429, 347
Baltimore	480, 137	—	—	—	—	480, 137
Boston	—	—	—	—	167, 814	167, 814
New York	—	—	—	—	28, 169	28, 169
Totals—U.S.A. Ports	480, 137	—	—	—	195, 983	676, 120
Totals to Overseas	222, 385, 633	724, 445	55, 318, 712	1, 094, 209	21, 582, 468	301, 105, 467
Wheat Flour ¹	34, 498, 406	—	—	—	—	34, 498, 406
Rolled Oats and Oatmeal ¹	—	341, 528	—	—	—	341, 528
U.S.A. Imports ²	5, 871, 501	17, 615, 326	21, 562, 199	4, 353, 311	—	49, 402, 337
Grand Totals	262, 755, 540	18, 081, 299	76, 880, 911	5, 447, 520	21, 582, 468	385, 347, 738

¹ Canadian Customs Returns—converted to bushels.

² Compiled from returns of Canadian Elevator licensees and shippers and advice from American grain correspondents.

TABLE G-10.

TOUGH AND DAMP GRAIN DRIED, BY STORAGE POSITION, CROP YEAR 1956-57

	Artificial Drying			Natural Drying	Total
	Tough	Damp	Tough and Damp		
LAKEHEAD	bu.	bu.	bu.	bu.	bu.
Wheat.....	959	10,292	11,251	3,715,320	3,726,571
Durum Wheat.....	—	4,064	4,064	91,325	95,389
Oats.....	—	1,992	1,992	349,916	351,908
Barley.....	—	1,945	1,945	1,379,403	1,381,348
Rye.....	391	—	391	106,663	107,054
Flaxseed.....	—	6,806	6,806	120,090	126,896
Totals.....	1,350	25,099	26,449	5,762,717	5,789,166
PACIFIC COAST					
Wheat.....	216,239	—	216,239	4,426,298	4,642,537
Oats.....	—	—	—	14,397	14,397
Barley.....	415,738	—	415,783	1,872,577	2,288,360
Rye.....	—	—	—	—	—
Flaxseed.....	—	—	—	41,911	41,911
Totals.....	632,022	—	632,022	6,355,183	6,987,205
INTERIOR					
Wheat.....	—	82	82	70,491	70,573
Flaxseed.....	10,617	1,843	12,460	—	12,460
Totals.....	10,617	19,25	12,542	70,491	83,033
CHURCHILL					
Wheat.....	—	—	—	13,898	13,898
Totals, All Positions.....	643,989	27,024	671,013	12,202,289	12,873,302

TABLE G-11.

WEIGHTED AVERAGE LAKE FREIGHT RATES ON CANADIAN GRAIN FROM FORT WILLIAM-PORT ARTHUR, SEASON OF NAVIGATION, 1957

Port of Discharge	Wheat	Oats	Barley	Rye	Flaxseed
	(cents per bushel)				
Georgian Bay Ports, Goderich, Sarnia and Walkerville.....	5.530	5.0	5.25	5.5	—
Port Colborne.....	7.552	6.75	7.25	7.5	—
Toronto.....	8.0	7.25	7.5	—	8.515
Kingston.....	9.556	8.0	8.25	—	—
Prescott.....	9.0	8.25	8.5	9.0	—
Montreal (Direct).....	16.0	13.0	15.25	16.0	17.0
Montreal via Bay Ports.....	16.0	13.0	15.25	—	—
Montreal via Port Colborne.....	16.0	13.0	15.25	16.0	17.0
Montreal via Toronto.....	16.0	—	15.25	16.0	17.0
Montreal via Kingston.....	16.0	13.0	15.25	16.0	17.0
Montreal via Prescott.....	16.0	13.0	15.25	16.0	17.0
Sorel (Direct).....	16.0	13.0	15.25	—	—
Sorel via Bay Ports.....	16.0	13.0	15.25	—	—
Sorel via Port Colborne.....	16.0	13.0	15.25	—	17.0
Sorel via Prescott.....	16.0	13.0	15.25	—	17.0
Three Rivers (Direct).....	16.0	—	—	—	—
Three Rivers via Bay Ports.....	16.0	—	—	—	—
Three Rivers via Port Colborne.....	16.0	—	—	—	—
Three Rivers via Toronto.....	16.0	—	—	—	—
Three Rivers via Kingston.....	—	—	—	—	—
Quebec (Direct).....	16.00	13.0	15.25	16.0	—
Quebec via Port Colborne.....	—	13.0	15.25	—	—
Quebec via Prescott.....	16.0	13.0	15.25	—	—
Buffalo.....	8.072	6.881	7.621	7.998	—
Chicago.....	8.377	6.689	7.5	7.955	—
Detroit.....	—	—	8.622	—	—
Duluth-Superior.....	6.0	—	5.5	—	—
Huron.....	9.0	6.331	—	—	—
Manitowoc.....	—	—	7.556	—	—
Milwaukee.....	—	6.5	7.538	—	—
Toledo.....	—	5.870	—	—	—

NOTE.—Rates originally quoted in United States Funds have been converted to Canadian currency at the prevailing rates of exchange.

TABLE G-12
OVERAGES AND SHORTAGES DISCLOSED BY WEIGHOVERS OF GRAIN STORED IN PUBLIC TERMINAL ELEVATORS, CROP YEAR 1956-57
NOTE.—The figures shown in this table represent differences between outstanding registered warehouse receipts and quantities of grain disclosed at weighover.

Date of Weighover	Licensee	Wheat		Oats		Mixed Feed Oats		Barley		Rye		Flaxseed		Canadian Corn		U.S.A. Corn		Rapeseed		Mixed, and Sample Grain	
		Overage	Shortage	Overage	Shortage	Overage	Shortage	Overage	Shortage	Overage	Shortage	Overage	Shortage	Overage	Shortage	Overage	Shortage	Overage	Shortage	Overage	Shortage
1957	CANADIAN GOVERNMENT ELEVATORS																				
June 17-28	Calgary, Alta.	—	2,038.3	—	46.4	—	—	262.6	—	28.0	—	134.5	—	—	—	—	—	—	—	—	—
May 13-17	Edmonton, Alta.	—	8,783.3	792.5	—	100.0	—	1,069.7	—	—	—	857.7	—	—	35.0	—	34.0	—	—	—	—
May 6-10	Lethbridge, Alta.	951.9	—	—	—	105.6	—	—	113.7	—	—	19.1	—	—	—	—	—	—	—	—	—
June 10- July 5	Saskatoon, Sask.	1,419.5	—	—	—	22,402.9	—	422.9	—	—	—	—	41.2	—	—	—	—	840	—	—	—
	Totals	2,371.4	10,821.6	792.5	46.4	22,608.5	—	1,755.2	113.7	28.0	—	1,011.3	41.2	—	3.50	—	34.0	—	840	—	—
	Net Totals—Overages	—	—	746.1	—	22,608.5	—	1,641.5	—	28.0	—	970.1	—	—	—	—	—	—	—	—	—
	Shortages	8,450.2	—	—	—	—	—	—	—	—	—	—	—	35.0	—	34.0	—	840	—	—	—

TABLE G-13
EXCESSES AND DEFICIENCIES IN SPECIFIED GRADES OF WHEAT DISCLOSED BY WEIGHOVERS OF GRAIN STORED IN
PUBLIC TERMINAL ELEVATORS, CROP YEAR 1956-57

Date of Weighover	Licensee	EXCESS						DEFICIENCY						
		1		2		3		1		2		3		
		Hard	Northern	Northern	bu.	bu.	Northern	bu.	bu.	Hard	Northern	Northern	bu.	
1957	CANADIAN GOVERNMENT ELEVATORS													
June 17-28.....	Calgary, Alta.....	—	—	—	—	—	—	—	—	85.8	1,465.3	750.3	—	45.9
May 13-17.....	Edmonton, Alta.....	—	—	—	—	—	—	—	—	—	—	6,300.1	—	435.7
May 6-10.....	Lethbridge, Alta.....	—	—	—	—	788.3	—	—	—	20.2	308.5	—	—	—
June 10-July 5.....	Saskatoon, Sask.....	—	—	23,482.8	—	—	—	—	—	22.3	—	30,888.6	—	—

TABLE G-14
EXCESSES AND DEFICIENCIES IN SPECIFIED GRADES OF WHEAT DISCLOSED BY WEIGHOVERS OF GRAIN STORED IN
SEMI-PUBLIC TERMINAL ELEVATORS, CROP YEAR 1956-57

Date of Weighover	Licensee	EXCESS					DEFICIENCY						
		1 Hard	1 Northern	2 Northern	3 Northern	1 C.W. Garnet	2 C.W. Garnet	1 Hard	1 Northern	2 Northern	3 Northern	1 C.W. Garnet	2 C.W. Garnet
		bu.	bu.	bu.	bu.	bu.	bu.	bu.	bu.	bu.	bu.	bu.	bu.
FORT WILLIAM-FORT ARTHUR													
Dec. 17-20, 1956.....	Canadian Consolidated Grain Co. Ltd. Empire.....	—	—	—	—	—	—	—	—	1,488.9	39.1	—	—
Jan. 8-18, 1957.....	Eastern Terminal Elevator Co. Ltd.. Fort William Elevator Co. Ltd. Elevator "E".....	—	—	12,293.3	—	—	—	—	13,723.9	—	24,273.6	—	—
Dec. 14-18, 1956.....	Manitoba Pool Elevators Elevator No. 1..... Elevator No. 2..... Elevator No. 3.....	—	—	—	—	—	—	—	4.8 174.9 124.6	843.3 1,704.8 2,610.9	675.9 762.3 1,409.4	—	—
Dec. 13-17, 1956.....	McCabe Grain Co. Ltd.....	—	—	—	—	—	—	—	284.7	1,719.9	4,822.3	18.5	17.6
Dec. 17-26, 1956.....	National Grain Terminal.....	—	—	—	—	—	—	—	696.5	10,629.3	34,739.0	—	—
Dec. 11-17, 1956.....	Ogilvie Flour Mills Co. Ltd.....	—	—	—	—	—	—	—	210.3	3,057.1	106.8	—	—
Dec. 26, 1956- Jan. 4, 1957.....	Saskatchewan Wheat Pool Elevator No. 7.....	—	—	—	—	—	—	—	2,513.6	45,925.8	37,063.3	—	3.7
Dec. 12-22, 1956.....	Searle Grain Co. Ltd.....	—	—	—	—	—	—	—	660.4	10,890.6	18,742.7	—	3.7
July 15-18, 1957.....	Superior Elevator Co. Ltd.....	—	—	2,565.5	—	—	—	—	36.1	—	5,154.2	—	—
Jan. 9-Feb. 15, 1957..	Westland Elevators Ltd.....	—	—	—	—	—	—	—	5,997.7	101,268.4	41,679.1	—	3.7
VANCOUVER-NEW WESTMINSTER													
Jan. 12-19, 1957.....	Alberta Wheat Pool.....	—	—	—	—	—	—	—	1.0	15,528.0	26,826.3	—	10.2
May 3-10, 1957.....	Burrard Terminals Ltd.....	—	31.2	—	—	—	—	—	—	6,342.7	7,346.4	—	—
Sept. 7-12, 1956.....	Cargill Grain Co. Ltd..... Pacific Elevators Ltd. Elevator No. 1.....	—	—	8,136.5	1,706.4	—	—	—	12,314.2	—	—	—	—
Jan. 11-18, 1957.....		—	—	—	—	—	—	—	3,630.3	62,529.5	49,475.5	—	452.5

[illegible]

TABLE G-15

EXCESSES AND DEFICIENCIES IN SPECIFIED GRADES OF WHEAT DISCLOSED BY
WEIGHOVERS OF GRAIN STORED IN PRIVATE TERMINAL ELEVATORS,
CROP YEAR 1956-57

Grade of Wheat	Excess	Deficiency
	bu.	bu.
1 Hard.....	—	—
1 Northern.....	—	—
2 Northern.....	—	—
3 Northern.....	—	—
1 C.W. Garnet.....	—	—
2 C.W. Garnet.....	—	—

No wheat of the above grades was handled or in store in the following elevators:

Date of Weighover	Elevator Company	Location
July 29th, 1957.....	Canada Malting Co. Ltd.....	Calgary, Alberta
December 27th, 1956.....	Canada Malting Co. Ltd.....	Winnipeg, Manitoba
December 27th, 1956.....	Canada Malting Co. Ltd.....	Port Arthur, Ontario
December 21st, 1956.....	Dominion Malting Co. Ltd.....	Transcona, Manitoba
December 21st, 1956.....	National Grain Feed Mill.....	Fort William, Ontario

TABLE G-16

OVERAGES AND SHORTAGES DISCLOSED BY WEIGHOVERS OF CANADA
WESTERN AND FOREIGN GRAIN STORED IN EASTERN ELEVATORS,
CROP YEAR 1956-57

Date of Weighover	Licensee	Kind of Grain	Overage	Shortage
1957			bu.	bu.
Mar. 21-28	COLLINGWOOD Collingwood Terminals Ltd.....	Canada Western Wheat.....	—	5,085.0
		Canada Western Oats.....	—	5,399.1
		Canada Western Barley.....	—	181.1
		Canada Western Rye.....	—	205.6
		Canada Western Peas.....	—	1.9
		Canada Western Screenings.....	*16,421	—
Mar. 12-19	GODERICH Upper Lakes and St. Lawrence Transportation Co. Ltd.....	Canada Western Wheat.....	—	1,504.3
		Canada Western Oats.....	—	3,182.5
		Canada Western Barley.....	—	1,557.4
		Canada Western Screenings.....	—	*35,598
		U.S.A. Corn.....	—	7.8
Jan. 29- Feb. 11	KINGSTON Canada Steamship Lines Ltd....	Canada Western Wheat.....	—	9,392.5
		Canada Western Oats.....	—	305.9
		Canada Western Barley.....	—	2,523.8
		Canada Western Rye.....	—	699.7
		Canada Western Flaxseed.....	—	1,457.2
		U.S.A. Corn.....	—	406.6
Sept. 27, 1956	LAKEFIELD Lakefield Elevator Co.....	Canada Western Wheat.....	—	4,602.8
Mar. 8-27	MIDLAND Canada Steamship Lines Ltd....	Canada Western Wheat.....	—	4,353.1
		Canada Western Oats.....	—	64.5
		Canada Western Barley.....	—	2.0
		Canada Western Rye.....	—	89.7
Feb. 21- Mar. 7	Canadian National Railways.....	Canada Western Wheat.....	—	15,741.0
		Canada Western Barley.....	—	18.7
		Canada Western Rye.....	—	183.7
Mar. 19-29	Midland-Simcoe Elevator Co. Ltd	Canada Western Wheat.....	—	4,869.3
		Canada Western Oats.....	—	579.3
		Canada Western Barley.....	—	597.4

TABLE G-16

OVERAGES AND SHORTAGES DISCLOSED BY WEIGHOVERS OF CANADA
WESTERN AND FOREIGN GRAIN STORED IN EASTERN ELEVATORS,
CROP YEAR 1956-57—Continued

Date of Weighover	Licensee	Kind of Grain	Overage	Shortage
1957			bu.	bu.
Mar. 28- April 2	Renown Investments Ltd.....	Canada Western Wheat.....	—	1,353.5
		Canada Western Oats.....	—	67.9
		Canada Western Rye.....	—	3.0
Mar. 11-15	MONTREAL Dominion Elevator Ltd.....	Canada Western Wheat.....	—	2,426.5
		Canada Western Oats.....	—	1,274.6
		Canada Western Barley.....	—	869.0
		Canada Western Sample Grain.....	—	*3,169
		Canada Western Screenings.....	—	*22,398
		U.S.A. Corn.....	—	155.2
Mar. 18- April 5	OWEN SOUND Great Lakes Elevator Co. Ltd...	Canada Western Wheat.....	—	7,451.2
		Canada Western Oats.....	—	1,924.5
		Canada Western Barley.....	—	851.3
		Canada Western Screenings.....	—	*33,464
Mar. 11-15	PORT COLBORNE Maple Leaf Milling Co. Ltd.....	Canada Western Wheat.....	—	7,096.9
		Canada Western Oats.....	—	142.3
		Canada Western Barley.....	—	1,689.3
		Canada Western Rye.....	—	252.4
		Canada Western Flaxseed.....	—	18.7
		Canada Western Sample Grain.....	—	*775
		Canada Western Screenings.....	—	*1,123
		U.S.A. Corn.....	—	22.3
April 1-9	National Harbours Board.....	Canada Western Wheat.....	—	13,182.5
		Canada Western Oats.....	—	1,325.3
		Canada Western Barley.....	—	12,605.1
		Canada Western Rye.....	—	1,297.7
		Canada Western Flaxseed.....	—	2,117.0
		Canada Western Buckwheat.....	—	15.6
		U.S.A. Soybeans.....	—	557.3
April 3-16	PORT McNICOLL Canadian Pacific Railway Co....	Canada Western Wheat.....	—	9,037.5
		Canada Western Oats.....	—	11.1
		Canada Western Barley.....	—	196.1
Feb. 26- Mar. 8	PRESCOTT National Harbours Board.....	Canada Western Wheat.....	2,300.6	—
		Canada Western Oats.....	1,112.3	—
		Canada Western Barley.....	—	2,724.1
		Canada Western Rye.....	—	1,109.0
		Canada Western Flaxseed.....	—	1,970.5
		Canada Western Screenings.....	—	*304
		U.S.A. Flaxseed.....	—	128.0
		U.S.A. Corn.....	—	5,083.8
Feb. 13-22	QUEBEC National Harbours Board.....	Canada Western Wheat.....	—	11,124.2
		Canada Western Oats.....	—	2,620.3
		Canada Western Barley.....	—	2,496.2
		Canada Western Rye.....	—	49.9
		Canada Western Sample Grain.....	—	*50
		Canada Western Screenings.....	—	*4,350
Feb. 25- Mar. 7	SOREL North American Elevators Ltd..	Canada Western Wheat.....	—	7,250.7
		Canada Western Oats.....	—	638.7
		Canada Western Barley.....	—	4,047.1
		Canada Western Rye.....	—	511.3
		Canada Western Flaxseed.....	—	147.7
Feb. 26- Mar. 15	TORONTO Toronto Elevators Ltd.....	Canada Western Wheat.....	—	6,571.9
		Canada Western Oats.....	—	2,889.8
		Canada Western Barley.....	—	2,936.4
		Canada Western Rye.....	—	95.7
		Canada Western Flaxseed.....	—	2,997.6
		Canada Western Sample Grain.....	—	*4,459
		Canada Western Screenings.....	—	*3,872
		U.S.A. Corn.....	95.7	—
		U.S.A. Soybeans.....	—	951.4

TABLE G-16.

OVERAGES AND SHORTAGES DISCLOSED BY WEIGHOVERS OF CANADA WESTERN
AND FOREIGN GRAIN STORED IN EASTERN ELEVATORS, CROP YEAR 1956-57

—Concluded

Date of Weighover	Licensee	Kind of Grain	Overage	Shortage
1957			bu.	bu.
April 1-11	WALKERVILLE Hiram Walker & Sons Grain Corp. Ltd.....	Canada Western Wheat..... Canada Western Oats..... Canada Western Barley..... Canada Western Rye..... Screenings, Origin Unknown... U.S.A. Corn.....	— — — — — —	3,722.2 75.0 41.2 145.3 *1,361 129.1
April 5-9	ST. JOHN Canadian National Railway Co..	Canada Western Wheat..... Canada Western Flaxseed..... Canada Western Soybeans..... Canada Western Rapeseed.....	— — — —	768.1 22.5 11.9 *527
April 15-18	WEST ST. JOHN Canadian Pacific Railway Co. Elevator "B".....	Canada Western Wheat..... Canada Western Barley..... Canada Western Flaxseed..... Canada Western Screenings..... Canada Western Peas..... Canada Western Rapeseed.....	— — — — — —	2,210.0 72.5 747.4 *980 7.1 *13,080
April 11-12	Canadian Pacific Railway Co. Elevator "H".....	Canada Western Wheat..... Canada Western Barley..... Canada Western Rye..... Canada Western Flaxseed..... Canada Western Screenings..... Canada Western Peas..... Canada Western Rapeseed.....	— — — — — — —	2,144.8 433.3 3.7 1,016.0 *1,734 11.5 *13,258

*Pounds.

APPENDIX H

THE GRAIN RESEARCH LABORATORY

J. ANSEL ANDERSON, *Chief Chemist*

Section 22 of the Canada Grain Act requires that "the Board shall maintain an efficient and adequately equipped laboratory for research work in relation to grain".

The following summary of the Laboratory's work for 1957 deals with the quality of Canadian grain marketed in the 1956-57 crop year, the quality of 1957 crops, research and other activities. In accordance with past practice, a separate annual report will be published by the Laboratory to put on record data on the quality of Canadian grain and progress made in research.

Quality of Grain Marketed in 1956-57

Studies of the qualities of spring wheat, durum wheat, barley, oil seeds, and other cereal grains, at various stages of marketing, were continued throughout the 1956-57 crop year. Although a considerable volume of wheat carried over in country elevators and on farms was moved during the crop year, average quality of grain moved to terminal elevators reflected the characteristics of the 1956 crop; a cool wet season increased bushel weight but kept protein content well below average for the fifth successive year.

Spring wheat marketed in 1956-57 was high in bushel weight and flour yield. Protein content and baking strength were below the long-term averages, but levels for the Northern grades were very similar to those of the previous crop year. Carrying power for weaker wheats was good considering the protein level. The large durum wheat crop was predominantly No. 4 C.W. and the macaroni-making quality of this grade was comparatively good; the new commercial grade, Extra No. 4 C.W., continued to find wide acceptance in European markets. Malting quality of barley was good and similar to that of the previous crop year. The record flax crop was high in oil content and iodine value and was classed as a crop of excellent quality. Western Canada rapeseed became a large enough crop to warrant a comprehensive survey; average oil content was 45%, which represents a high level for this crop.

Estimated Quality of 1957 Crops

The weather at harvest time was not favourable and much grain lost grade in the swath. It is estimated that the bulk of the wheat crop (348 million bushels, including 44 million of durum) will grade Nos. 2, 3 and 4 Northern, with No. 3 Northern as the largest grade. As a result of the relatively dry summer, the 1957 wheat crop has a protein content of 14.1%, and baking strength and carrying power for weaker wheats are excellent. The new crop thus has the high quality long associated with the "Manitobas". Bushel weight is not so high as in recent years, but the Northern grades mill very satisfactorily and give high yields of flour of good color and low ash. Doughs handle very well, and baking absorption and gassing power are both at satisfactory levels.

Despite a 56% increase in seeded acreage, the durum wheat crop is only about 5 million bushels greater than in 1956, and No. 3 C.W. is expected to be the largest grade. The crop will be higher in protein than for several years and bushel weight a little lower. As the top three grades contain only high quality varieties, they again produce macaroni of excellent color; lipoxidase activity is also low for each of these grades. Extra No. 4 C.W. is expected to be somewhat better in macaroni color this year, and No. 4 C.W. will probably be similar to last year's grade.

The new barley crop is estimated to be 216 million bushels, and over 60% is expected to enter the malting grades. Malting quality is about average, but percentages of plump barley are high in the top grades. In line with the higher nitrogen content, malt extract yields are lower than for last year's samples. Enzymic activity is high for the malting grades this year.

The flax crop is estimated to be 23 million bushels and is below average in grade. Oil content and iodine value are both lower than in 1956, but protein content is higher. The second survey of rapeseed shows that oil content is 41.8% and that protein content is 42.5%; the former is lower and the latter higher than in 1956.

Bulletins and Maps

Preliminary information on the quality of different grades of 1957 crops of spring wheat, durum wheat, barley and oil seeds, was published in two protein maps and four crop bulletins (two on wheat, one on barley, and one on flax and rapeseed). Information contained in these bulletins was also presented at two meetings of the Committee on Western Grain Standards. These publications were sent by the Laboratory to domestic and foreign buyers of Canadian grain, and separate distribution of some of them was made by the Canadian Wheat Board. The bulletin on the quality of the wheat crop was also distributed to Canadian Trade Commissioners throughout the world by the Grain Division, Department of Trade and Commerce, Ottawa. Press releases preceded publication of the maps and bulletins.

The quarterly bulletins on Canadian wheat cargoes, started two years ago, were continued throughout 1957. The four issues were distributed mainly by Canadian Trade Commissioners who received their supplies direct by airmail. With the first quarter of the 1957-58 crop year the Laboratory began a second series of quarterly bulletins that deals with the quality of durum wheat cargoes exported from Canada. Comprehensive quality data for average samples of different grades, and data for moisture content, bushel weight and protein content of individual cargoes, are presented and discussed in much the same way as in the spring wheat cargo bulletins.

Service to the Inspection Branch

The Laboratory continued to work in close co-operation with the Inspection Branch to provide information and service required in settling grading problems. Studies were made of the quality of tentative standard and standard export samples of different grains prepared by the Chief Inspector for approval by the Committee on Western Grain Standards. From time to time special tests of current crops were made to provide information that would assist in grading. For example, scab damage in White Winter Wheat was examined and found to be a great deal more severe than the appearance of the kernels would indicate. Supervision of moisture testing and of equipment in the Board's Inspection offices was continued throughout the year, and C.A.E. electrical moisture meters were installed in 10 of the offices. Increased use is being made of these moisture meters to segregate samples that are well below the maximum for straight grade and need not be tested by the longer Brown-Duvel method. Studies aimed at maintenance of uniformity in protein contents of export cargoes of top grades of wheat have been continued.

Variety Testing

As in previous years, the Laboratory took a major part in studies, sponsored by the Associate Committee on Grain Research, of the quality of spring wheat, durum wheat and malting barley varieties developed by Canadian plant breeders. The 1957 studies showed that some of the new rust-resistant

wheat varieties now being developed are promising in quality. Final tests of Traill barley showed that it does not have "fair malting quality" and that it cannot be distinguished in kernel characteristics from the unlicensed variety Kindred which is still being grown on a small acreage in Manitoba. Neither Traill nor Kindred will be graded higher than No. 1 Feed after August 1, 1958. Small-scale prediction tests developed by the Laboratory for durum wheat and malting barley are now being used to advantage in providing plant breeders with preliminary information on the quality of early generation hybrids. Progress in basic research has made it feasible to re-examine the possibility of developing a more comprehensive set of small-scale prediction tests for quality in spring wheats; these studies are being undertaken in co-operation with the Canada Department of Agriculture.

Service to Other Organizations

Laboratory services and technical advice to the Canadian Wheat Board, to the Grain Division of the Department of Trade and Commerce, to Commercial Counsellors and Trade Commissioners in importing countries, and to other government agencies, continue to expand steadily. This work relates mainly to promotion of sales of Canadian wheat. Inquiries relating to the quality of Canadian grains in general, of specific grades, and of individual cargoes, were received from many sources. Considerable time and numerous comparative studies of the qualities of various samples were required to deal adequately with this section of the Laboratory's service work. Visits to foreign countries by members of the Laboratory's staff, mentioned later in this report, also play an important role in dealing with these matters.

Close liaison has continued with the Brewing and Malting Barley Research Institute, Winnipeg, and with the Northwest Crop Improvement Association, Minneapolis. The Laboratory has continued to carry its share of the work of the American Association of Cereal Chemists, and is collaborating with other cereal chemists throughout the world in the formation of an International Association for Cereal Chemistry.

Research

Like other comparable institutions, the Grain Research Laboratory endeavours to maintain a balanced program of short, intermediate and long-term research projects. On the one hand, the short-term projects represent mainly applied research seeking such prompt solutions to immediate practical problems as can be obtained in the light of existing knowledge; on the other hand, the long-term projects represent basic research designed to add to existing knowledge on fundamental biochemical principles relating to quality in various cereal grains.

In applied research on wheat, priority is being given to development of a more effective group of tests for evaluating breadmaking quality. A wide range of laboratory milling tests, baking tests, dough and gluten tests, and analytical procedures has been developed throughout the world. Each importing country tends to use its own procedures and modifications in examining Canadian wheat. The Board's Laboratory must be familiar with all such tests and should be able to reproduce them. At present, a number of the available tests, and certain modifications of them developed in this Laboratory, are being applied to a wide variety of different types of wheat with the object of re-examining the possibilities for selecting better groups of tests for use in the Laboratory's service studies. The development of suitable laboratory milling procedures continues to present special problems. Moreover, no single baking test is wholly adequate for any given purpose, and the development of a limited battery of baking tests designed to provide required information

effectively, is no small task. A number of other types of tests for quality have proved useful and are advocated by various laboratories, but these cannot replace milling and baking. Since the Laboratory is testing new varieties, grade averages, individual samples of cargoes of Canadian wheat, and a wide range of competing wheats, a very comprehensive set of methods is required for routine work.

Applied research on the quality of stored flour is continuing, and a constant check is being kept on the quality of wheat in store in Western Canada.

In basic research on wheat, attention has been focused on the role of flour lipids in relation to the improving action of bromate. Another problem of fundamental importance in dough chemistry is the part played by the sulfhydryl group. The new reagent N-ethylmaleimide holds promise for work on this problem, and a preliminary kinetic investigation of its reaction with cysteine has been completed. Studies are also being made in application of the technique of amperometric titration to the determination of the sulfhydryl group. Active research is continuing in the study of the physical properties of dough in relation to quality.

In barley research, the new malting equipment has been thoroughly tested and is now in operation. This equipment is designed primarily for final testing of the quality of new varieties of barley. It is also being used for investigating certain biochemical changes that occur in producing malt from barley. Previous studies indicated that there is a relation between cytolytic activity and malting quality of Canadian barley varieties, and this work has been extended to include examination of the non-starch polysaccharide (gum) components of barley varieties as these are substrates for cytolytic enzymes. Changes in the polysaccharide components during malting are also being followed. As there are indications that the cytolytic enzyme system is a mixture of several enzymes, studies on the characterization of types of enzyme activity are being made.

Staff and Facilities

The first award of the National Research Council Postdoctorate Fellowship, tenable in the Board's Laboratory, was made to Professor Hiroshi Matsumoto of Osaka Women's University. Professor Matsumoto arrived in August and will spend a year working with Dr. Hlynka on the role of the sulfhydryl group.

Dr. W. Bushuk was awarded a National Research Council Overseas Fellowship and one of the two Rutherford Memorial Fellowships offered each year by the Royal Society of Canada. He has been granted leave of absence and will spend a year with Professor H. Benoit at the Centre des Recherches sur les Macromolécules à Strasbourg. Mr. M. H. Birnboim is still on leave for studies towards the degree of Ph.D at the University of Wisconsin.

Good progress is being made with the expansion of the Laboratory recommended in the Annual Report of the Board for 1956. Two chemists, Mr. R. R. Matsuo and Miss M. E. McMullan, joined the professional staff, and five additions were made to the subprofessional staff during the year.

An additional 5,000 sq. ft. of space has been obtained on the ground floor adjoining existing laboratories. This will permit consolidation of all routine studies and services on the ground floor, leaving the eighth floor laboratories for applied and basic research. Provision is being made on the ground floor for doubling the size of the milling and baking sections, for a section to house the malting equipment and associated analyses, and for general analytical laboratory. The workshop, darkroom, drafting and statistical services, will be moved to the ground floor, and larger quarters will be provided for the

sample room, library, and general office. By the end of the year, the new analytical laboratory, sample room and workshop, were occupied. Remaining reconstruction should be completed within the next six to eight months.

Overseas Visits and Visitors

During the year, three members of the staff went abroad on official visits. Dr. G. N. Irvine, with Mr. A. W. Alcock of the Maple Leaf Milling Company, undertook a technical mission to Japan to study the cereal processing industries and related research. Dr. Irvine also visited Hong Kong and Karachi en route to Europe where he spent several weeks, on behalf of the Canadian Wheat Board, on investigations relating to durum wheat in Italy, Germany, France, Netherlands and Switzerland.

Dr. W. O. S. Meredith, who was on furlough leave in the United Kingdom, accepted an invitation to present a paper at the European Brewery Convention Congress in Copenhagen, and subsequently visited centres of barley research in Denmark, Sweden, Holland, Germany, France, Ireland and the United Kingdom.

Dr. J. A. Anderson was in France, as a representative of the Department of Trade and Commerce, and subsequently made additional visits in Belgium, Netherlands, Germany and the United Kingdom.

The Laboratory was especially pleased to welcome five well known cereal chemists from Europe: Ing. E. Maes of Belgium, Dr. G. L. Bertram of the Netherlands, Dr. S. Wagner of Switzerland, Dr. W. Schafer of Germany, and Dr. F. Muntoni of Italy.

Two missions from the United Kingdom, two from Turkey and one each from Poland, Pakistan, Burma, the Soviet Union, Germany, and Roumania visited the Laboratory. Other overseas visitors came from Australia, Austria, France, Greece, Ireland, Japan, South Africa and Switzerland. Canadian Commercial Counsellors or Trade Commissioners from Bogota, Belgium, Germany, Philippines and Portugal, also visited the Laboratory during 1957.

APPENDIX I

CANADIAN GOVERNMENT ELEVATORS

A. E. JACOBSON, *General Manager*

In accordance with the provisions of Section 166 of the Canada Grain Act and Order-in-Council P.C. 1372 of August 19, 1925, the Board manages and operates five interior terminal elevators at Moose Jaw, Saskatoon, Calgary, Edmonton and Lethbridge, and one terminal elevator at Prince Rupert, and leases one terminal elevator at Port Arthur.

In the 1956-57 crop year the interior elevators were operated under Public Terminal Elevator Licence. The Prince Rupert elevator was operated under a Semi-Public Terminal Elevator Licence and the Port Arthur elevator continued under lease to McCabe Grain Company Limited.

Handlings

Receipts at 17.0 million bushels in the 1956-57 crop year were 36 per cent higher than the previous year while shipments at 18.7 million bushels were 31 per cent higher. Shipments were 1.7 million bushels higher than receipts, which is reflected in lower stocks in store at the end of the crop year. Receipts of wheat and barley at 13.2 million bushels constituted 75 per cent of total receipts. Receipts at Prince Rupert were composed entirely of barley. Receipts and shipments by elevators were:

Elevator	Capacity	Stocks August 1, 1956	Net Receipts	Net Shipments	Stocks July 31, 1957
	million bu.	bu.	bu.	bu.	bu.
Moose Jaw.....	5.50	5,020,858	1,178,847	803,982	5,395,723
Saskatoon.....	5.50	3,807,796	3,360,049	3,891,856	3,272,128
Calgary.....	2.50	1,742,266	2,160,721	2,625,927	1,277,060
Edmonton.....	2.35	873,170	1,694,169	1,722,057	842,982
Lethbridge.....	1.25	1,167,245	597,682	1,073,176	692,714
Prince Rupert.....	1.25	956,583	8,048,192	8,650,870	349,697
Totals.....	18.35	13,567,918	17,039,660	18,767,868	11,830,304

Charges

Storage and elevation charges at the interior terminals remained unchanged. Storage charges were 1/45c per bushel per day. Storage charges at Prince Rupert were increased on September 13, 1956 from 1/35c per bushel per day to 1/30c per bushel per day, the same as in effect at the Lakehead and other Pacific Coast elevators. The same applies to elevation charges but at interior elevators, elevation charges on wheat, oats, barley and corn at 1½c per bushel were lower by 1c and on rye at 1½c per bushel and flax at 2¼c per bushel were lower by 1½c per bushel than charges at Lakehead and other Pacific terminal elevators.

Maintenance

Elevator buildings, equipment and trackage were maintained in good repair. The installation of a Dust Control System in the Moose Jaw elevator commenced in 1956 was completed in September, 1957. A similar installation is in progress at the Saskatoon elevator and is scheduled for completion in

September, 1958. Fire Escapes and Stairwell Enclosures were completed at all elevators. Repairs to concrete surfaces at the Edmonton elevator were completed. Similar repair at the Port Arthur elevator is scheduled for completion in 1958. The first phase of converting the Morris Steam Drier at the Moose Jaw elevator to a direct oil heat system was completed.

Complete new Man-Hoists were installed in the Moose Jaw, Saskatoon and Calgary elevators replacing obsolete and worn out equipment.

A start has been made toward equipping Millwright workshops throughout with power tools to enable repairs to be made in the plant instead of being sent to outside shops as formerly. This will save time and reduce repair costs.

Staff

Staff employed as at December 31, 1957, compared with figures at December 31, 1956, is as follows:

	1957		1956	
	Continuing Establish-ment	Casuals	Continuing Establish-ment	Casuals
Winnipeg (Head Office).....	8	—	8	—
Moose Jaw.....	31	1	27	4
Saskatoon.....	29	10	26	15
Calgary.....	32	2	30	6
Edmonton.....	30	—	27	13
Lethbridge.....	19	3	18	1
Prince Rupert.....	29	17	23	24
	178	33	159	63

Revenue and Expenditure

Revenue and expenditure for the fiscal year 1956-57 compared with the previous fiscal year were as follows:

	1956-57	1955-56
	\$	\$
Revenue.....	1,982,430	1,634,032
Expenditure.....	1,323,293	1,143,983
Surplus.....	659,137	490,049

For the first nine months of the current fiscal year revenue was \$1,480,470 and expenditure was \$880,554.

APPENDIX J

TABLE J-1

EXPENDITURE, BY POINT, BRANCH AND GENERAL ITEM, FISCAL YEAR ENDED
MARCH 31, 1957

Point and Branch	Salaries	Rent	Travelling Expenses	General Expenses	Total
	\$	\$	\$	\$	\$
WINNIPEG					
Executive.....	58,958.03	9,129.68	5,741.98	12,634.75	86,464.44
Assistant Commissioners.....	11,139.96	836.80	1,633.57	331.38	13,941.71
License and Bonding.....	25,100.98	2,100.00	22.15	2,245.28	29,468.41
Registration.....	34,366.44	3,135.00	384.10	1,479.19	39,464.73
Research Laboratory.....	157,685.66	18,838.00	7,215.56	45,591.50	229,330.72
Statistics.....	82,876.22	6,603.32	953.30	27,645.86	118,078.70
Appeal Tribunal.....	9,443.27	589.08	—	1,602.29	11,634.64
Standards Committee.....	—	—	3,961.85	2,750.00	6,711.85
Inspection.....	638,626.90	26,325.72	4,152.42	39,103.85	708,208.89
Weighing.....	61,420.44	1,560.40	571.80	1,069.99	64,622.63
CHURCHILL					
Inspection.....	22,349.28	—	6,005.65	1,009.39	29,364.32
Weighing.....	12,094.04	—	3,421.38	342.94	15,858.36
KEEWATIN					
Inspection.....	6,815.40	—	—	20.40	6,835.80
Weighing.....	9,162.64	—	—	58.46	9,221.10
REGINA					
Assistant Commissioner.....	11,285.41	1,897.56	2,391.66	407.21	15,981.84
SASKATOON					
Assistant Commissioner.....	11,980.98	—	1,730.56	182.92	13,894.46
Inspection.....	38,868.24	877.00	—	1,064.47	40,809.71
Weighing.....	30,001.57	—	671.69	31.50	30,704.76
MOOSE JAW					
Inspection.....	34,873.36	1,440.00	154.39	1,226.19	37,693.94
Weighing.....	18,455.29	—	574.79	31.83	19,061.91
MEDICINE HAT					
Inspection.....	11,340.00	841.00	—	277.93	12,458.93
Weighing.....	11,520.89	—	—	38.70	11,559.59
LETHBRIDGE					
Inspection.....	10,570.24	—	—	141.13	10,711.37
Weighing.....	4,630.00	—	—	11.75	4,641.75
CALGARY					
Assistant Commissioner.....	1,976.66	138.00	323.32	37.95	2,475.93
Inspection.....	107,075.96	6,581.00	723.21	4,408.18	118,788.35
Weighing.....	50,080.04	712.34	1,205.06	419.43	52,416.87
Appeal Tribunal.....	6,120.00	892.50	—	1,200.33	8,212.83
EDMONTON					
Assistant Commissioner.....	9,883.30	1,660.00	3,943.81	679.78	16,166.89
Inspection.....	121,208.53	8,764.00	107.90	4,593.46	134,673.89
Weighing.....	13,700.76	—	70.70	115.28	13,886.74
Appeal Tribunal.....	6,120.00	1,170.00	—	891.78	8,181.78
VANCOUVER					
Inspection.....	195,575.55	6,965.40	158.90	6,266.16	208,966.01
Weighing.....	181,266.60	2,675.40	223.32	2,814.68	186,980.00
Registration.....	10,776.78	1,795.20	—	301.83	12,873.81
VICTORIA					
Inspection.....	9,030.69	—	443.20	7.00	9,480.89
Weighing.....	7,985.10	—	62.00	—	8,047.10
PRINCE RUPERT					
Inspection.....	12,537.98	—	597.81	74.00	13,209.79
Weighing.....	10,143.22	—	223.26	76.00	10,442.48

TABLE J-1

EXPENDITURE, BY POINT, BRANCH AND GENERAL ITEM, FISCAL YEAR ENDED MARCH 31, 1957—*Concluded*

Point and Branch	Salaries	Rent	Travelling Expenses	General Expenses	Total
	\$	\$	\$	\$	\$
FORT WILLIAM					
Inspection.....	792,421.20	19,598.00	4,951.94	14,871.57	831,842.71
Weighing.....	610,660.80	4,210.00	21,780.39	8,481.64	645,132.83
TORONTO					
Inspection.....	8,756.24	1,200.00	516.70	853.02	11,325.96
Weighing.....	4,380.00	—	—	4.00	4,384.00
CHATHAM					
Inspection.....	39,026.96	1,380.00	13,653.98	1,470.82	55,531.76
OTTAWA					
Inspection.....	—	499.00	3,748.02	928.77	5,175.79
MONTREAL					
Inspection.....	114,062.58	4,296.00	12,156.01	4,142.23	134,656.82
Weighing.....	5,077.50	939.36	460.67	853.16	7,330.69
Registration.....	14,700.00	1,664.64	—	989.58	17,354.22
Totals.....	3,646,131.69	139,314.40	104,937.05	193,779.56	4,084,162.70

TABLE J-2

ACCRUED REVENUE, BY POINT AND BRANCH, FISCAL YEAR ENDED MARCH 31, 1957

Point and Branch	Fees	Samples Sold	Other Revenue (a)	Total
	\$	\$	\$	\$
WINNIPEG				
Executive.....	—	—	460.00	460.00
License and Bonding.....	29,254.00	—	—	29,254.00
Registration.....	33,499.43	—	7.00	33,506.43
Appeal Tribunal.....	2,133.00	—	—	2,133.00
Research Laboratory.....	—	—	3.68*	3.68
Inspection.....	431,834.25	11,998.13	5,347.60	449,179.98
Weighing.....	27,647.57	—	2,320.98	29,968.55
CHUCHILL				
Inspection.....	52,156.64	—	—	52,156.64
Weighing.....	26,264.32	—	—	26,264.32
KEEWATIN				
Inspection.....	6,020.40	486.64	407.16	6,914.20
Weighing.....	7,537.58	—	—	7,537.58
SASKATOON				
Inspection.....	26,765.63	873.93	—	27,639.56
Weighing.....	14,828.21	—	—	14,828.21
MOOSE JAW				
Inspection.....	14,742.97	482.40	—	15,225.37
Weighing.....	7,733.60	—	—	7,733.60
MEDICINE HAT				
Inspection.....	11,220.93	324.17	—	11,545.10
Weighing.....	12,418.14	—	1,127.35	13,545.49
LETHBRIDGE				
Inspection.....	2,547.00	146.05	—	2,693.05
Weighing.....	485.00	—	—	485.00

TABLE J-2

ACCRUED REVENUE, BY POINT AND BRANCH, FISCAL YEAR ENDED MARCH 31, 1957
—Concluded

Point and Branch	Fees	Samples Sold	Other Revenue (a)	Total
	\$	\$	\$	\$
CALGARY				
Inspection.....	103,085.33	2,305.36	406.51	105,797.20
Weighing.....	18,390.26	—	1,183.80	19,574.06
Appeal Tribunal.....	1,422.00	—	—	1,422.00
EDMONTON				
Inspection.....	99,318.26	1,960.88	439.25	101,718.39
Weighing.....	4,810.59	—	8.64	4,819.23
Appeal Tribunal.....	969.00	—	—	969.00
VANCOUVER				
Inspection.....	279,363.39	8,852.53	552.20	288,768.12
Weighing.....	218,402.86	—	355.95	218,758.81
Registration.....	11,853.73	—	—	11,853.73
VICTORIA				
Inspection.....	6,644.63	131.32	—	6,775.95
Weighing.....	5,095.47	—	—	5,095.47
PRINCE RUPERT				
Inspection.....	17,364.87	154.07	—	17,518.94
Weighing.....	12,655.16	—	—	12,655.16
FORT WILLIAM				
Inspection.....	789,279.00	14,710.22	4,347.25	808,336.47
Weighing.....	606,778.97	—	4,798.42	611,577.39
TORONTO				
Inspection.....	3,473.03	90.00	166.07	3,729.10
Weighing.....	4,380.00	—	—	4,380.00
CHATHAM				
Inspection.....	47,816.37	868.68	1,285.89	49,970.94
MONTREAL				
Inspection.....	21,182.35	511.74	868.60	22,562.69
Registration.....	11,588.68	—	—	11,588.68
Totals.....	2,970,962.62	43,896.12	24,086.35	3,038,945.09

(a) Details in Table J-4.

*Refund of Previous Year's Expenditure.

TABLE J-3.
ACCRUED REVENUE AND NET EXPENDITURE, BY POINTS AND BRANCHES, FISCAL YEAR ENDED MARCH 31, 1957

—	Inspection	Weighing	Appeal Tribunals	Registra- tion	Licence and Bonding	Statistics	Research Laboratory	Grain Standards Committee	Adminis- tration	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE										
Winnipeg.....	449,179.98	29,968.55	2,133.00	33,506.43	29,254.00	—	3.68	—	460.00	544,505.64
Churchill.....	52,156.64	26,264.32	—	—	—	—	—	—	—	78,420.96
Keewatin.....	6,914.20	7,537.58	—	—	—	—	—	—	—	14,451.78
Saskatoon.....	27,639.56	14,838.21	—	—	—	—	—	—	—	42,467.77
Moose Jaw.....	13,225.37	7,733.60	—	—	—	—	—	—	—	22,958.97
Medicine Hat.....	11,545.10	13,545.49	—	—	—	—	—	—	—	25,090.59
Lethbridge.....	2,693.05	485.00	—	—	—	—	—	—	—	3,178.05
Calgary.....	105,797.20	19,574.06	1,422.00	—	—	—	—	—	—	126,793.26
Edmonton.....	101,718.39	4,819.23	969.00	—	—	—	—	—	—	107,506.62
Vancouver.....	288,768.12	218,758.81	—	11,853.73	—	—	—	—	—	519,380.66
Victoria.....	6,775.95	5,095.47	—	—	—	—	—	—	—	11,871.42
Prince Rupert.....	17,518.94	12,655.16	—	—	—	—	—	—	—	30,174.10
Fort William.....	808,336.47	611,577.39	—	—	—	—	—	—	—	1,419,913.86
Toronto.....	3,729.10	4,380.00	—	—	—	—	—	—	—	8,109.10
Chatham.....	49,970.94	—	—	—	—	—	—	—	—	49,970.94
Montreal.....	22,562.69	—	—	11,588.68	—	—	—	—	—	34,151.37
Ottawa.....	—	—	—	—	—	—	—	—	—	—
Totals.....	1,970,631.70	977,222.87	4,524.00	56,948.84	29,254.00	—	3.68	—	460.00	3,038,945.09

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TABLE J-3.

ACCRUED REVENUE AND NET EXPENDITURE, BY POINTS AND BRANCHES, FISCAL YEAR ENDED MARCH 31, 1957—Concluded

	Inspection	Weighing	Appeal Tribunals	Registra- tion	License and Bonding	Statistics	Research Laboratory	Grain Standards Committee	Adminis- tration	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
EXPENDITURE										
Winnipeg.....	708,208.89	64,622.63	11,634.64	39,364.73	29,468.41	118,078.70	229,330.72	6,711.85	110,406.15	1,307,826.72
Churchill.....	29,304.32	15,858.36	—	—	—	—	—	—	—	45,222.68
Keewatin.....	6,835.80	9,221.10	—	—	—	—	—	—	—	16,056.90
Saskatoon.....	40,809.71	30,704.76	—	—	—	—	—	—	13,894.46	85,408.93
Moose Jaw.....	37,693.94	19,061.91	—	—	—	—	—	—	—	56,755.85
Medicine Hat.....	12,458.93	11,559.59	—	—	—	—	—	—	—	24,018.52
Lethbridge.....	10,711.37	4,641.75	—	—	—	—	—	—	—	15,353.12
Regina.....	—	—	—	—	—	—	—	—	15,981.84	15,981.84
Calgary.....	118,788.35	52,416.87	8,212.83	—	—	—	—	—	2,475.93	181,893.98
Edmonton.....	134,673.89	13,886.74	8,181.78	—	—	—	—	—	16,166.89	172,909.30
Vancouver.....	208,966.01	186,980.00	—	12,873.81	—	—	—	—	—	408,819.82
Victoria.....	9,480.89	8,047.10	—	—	—	—	—	—	—	17,527.99
Prince Rupert.....	13,209.79	10,442.48	—	—	—	—	—	—	—	23,652.27
Fort William.....	831,842.71	645,132.83	—	—	—	—	—	—	—	1,476,975.54
Toronto.....	11,325.96	4,384.00	—	—	—	—	—	—	—	15,709.96
Chatham.....	55,531.76	—	—	—	—	—	—	—	—	55,531.76
Montreal.....	134,656.82	7,330.69	—	—	—	—	—	—	—	139,341.73
Ottawa.....	5,175.79	—	—	17,354.22	—	—	—	—	—	5,175.79
Totals.....	2,369,734.93	1,084,290.81	28,029.25	69,592.76	29,468.41	118,078.70	229,330.72	6,711.85	148,925.27	4,084,162.70

TABLE J-3.
SUMMARY OF OPERATIONS BY BRANCHES, FISCAL YEAR ENDED MARCH 31, 1957

	Inspection	Weighing	Appeal Tribunals	Registra- tion	License and Bonding	Statistics	Research Laboratory	Grain Standards Committee	Adminis- tration	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE										
Fees.....	1,912,815.05	967,427.73	4,524.00	56,941.84	29,254.00	—	—	—	—	2,970,962.62
Samples Sold.....	43,896.12	—	—	—	—	—	—	—	—	43,896.12
Other Revenue:										
Overtime Refunded.....	9,348.12	9,734.87	—	—	—	—	—	—	—	19,082.99
Express Charges.....	4,463.90	—	—	—	—	—	—	—	—	4,463.90
Jury Fees.....	—	48.00	—	—	—	—	—	—	—	48.00
Fines.....	—	—	—	—	—	—	—	—	460.00	460.00
Refund of Previous Year's Expenses.....	—	12.27	—	—	—	—	3.68	—	—	3.68
Miscellaneous Revenue.....	8.51	—	—	7.00	—	—	—	—	—	27.78
Totals.....	1,970,531.70	977,222.87	4,524.00	56,948.84	29,254.00	—	3.68	—	460.00	3,038,945.0
EXPENDITURE										
Salaries.....	2,163,139.11	1,030,378.89	21,683.27	59,843.22	25,100.98	82,876.22	157,685.66	—	105,224.34	3,646,131.69
Rent.....	78,767.12	10,097.50	2,651.58	6,594.84	2,100.00	6,603.32	18,838.00	—	13,662.04	139,314.40
Travel.....	47,370.13	29,265.06	—	384.10	22.15	953.30	7,215.56	3,961.85	15,764.90	104,937.05
General Expenses.....	65,508.50	10,568.47	3,682.65	2,118.53	1,305.19	4,870.12	41,347.51	2,750.00	12,669.81	144,820.78
Printing and Stationery.....	14,950.07	3,780.89	11.75	652.07	940.09	22,775.74	4,243.99	—	1,604.18	48,958.78
Totals.....	2,369,734.93	1,084,290.81	28,029.25	69,592.76	29,468.01	118,078.70	229,330.72	6,711.85	148,925.27	4,084,162.70

APPENDIX K

REGULATIONS

Regulations in effect December 31, 1957, made in accordance with the provisions of the Canada Grain Act

Regulation

No.

- 1 Registration and Cancellation of Terminal Elevator Warehouse Receipts.
- 2 Registration and Cancellation of Eastern Warehouse Receipts and Transfer Receipts.
- 3 Plans re Terminal and Eastern Elevators.
- 4 Cleaning Grain and Bins, Terminal and Eastern Elevators.
- 5 Off Grades for Western Grain.
- 6 Off Grades for Eastern Grain.
- 7 Grades of Screenings.
- 8 Inspection of Samples taken other than at an Inspection Point.
- 9 Appeals from Inspecting Officers to Grain Appeal Tribunals.
- 10 Delivery of Grain to Ocean Vessels at Montreal, Quebec.
- 11 Delivery of Grain to Ocean Vessels at West Saint John, N.B.
- 12 Delivery of Grain to Ocean Vessels at East Saint John, N.B.
- 13 Delivery of Grain to Ocean Vessels at Halifax, N.S.
- 14 Enforcement of Lien by Sale of Grain.
- 15 Drying of Grain.
- 16 Fees.
- 17 Records, Reports and Returns.
- 18 Procedure, Country Elevators.
- 19 Receipt for Grain Delivered to Private Country Elevators and Mill Elevators.
- 20 Maximum Tariff of Charges, Eastern Elevators.
- 21 Maximum Tariff of Charges and Shrinkage Allowance, Country Elevators.
- 22 Maximum Tariff of Charges, Terminal Elevators.
- 23 Applications for Licences and Terms and Conditions under which Licences are issued.
- 24 Storage in Transit of Grain Grown Outside Canada.
- 25 Tickets and Receipts—Country Elevators.
- 26 Grain Treated with Poisonous Materials.
- 27 Shipment of Infested Grain.

I do not think there is any need for the secretary to read them. Agreeable?
Agreed.

The CHAIRMAN: Appendix A, any comment?

By Mr. Jorgenson:

Q. Any changes in the committees?—A. It is the same committee as last year sir.

The CHAIRMAN: Appendix B?

Appendix C?

Appendix D? I will not go over these too fast, so you will be able to slide your eyes over them.

The WITNESS: This registration branch is the branch that is charged with the responsibility of registering warehouse receipts. Warehouse receipts are recognized by the banks as a negotiable document and a good guarantee for

borrowing of money. The wheat board and everybody else can borrow money on warehouse receipts and only because they are registered with our board.

By Mr. Pascoe:

Q. If I may go back to C, the total licensed storage capacity as at December 1, 1957 was 617,239,060. That is interior elevators and all, is it?—A. That is everything, sir.

By Mr. Horner (Acadia):

Q. In appendix C, the table at the bottom collection of the one per cent levy, you have it for wheat, oats, barley and rye. Well, under the new amendment you are taking in flax and rapeseed. I wonder if you can calculate how much that can take in, how many dollars worth of flax and rapeseed?—A. Well, it is a percentum on the cash value.

Q. I know it is one per cent on the cash value, but you have here the total dollars in wheat, oats and barley. I wondered if you had the total for flax and rapeseed?—A. Well, that has just been passed, sir; we have not even got started on it.

Q. You would not have any figures on it?—A. No.

By Mr. McIntosh:

Q. On page 17 where you show that chart, why is there no personnel shown in the last column under Fort William and Vancouver as a staff at government elevators?—A. We do not operate a government elevator at Fort William and Port Arthur or Vancouver.

Q. This is on page 17.

By Mr. Thomas:

Q. I wonder if we might refer to appendix A, those two names representing the grain growers in Ontario near the bottom of page 18, Heaney and McLean. Could you give us any information on those men, by whom were they recommended or why they were selected?—A. The United Cooperatives of Ontario recommended them.

The CHAIRMAN: Appendix D, page 23?

Appendix E, any comment?

The WITNESS: If you will notice the number of two-pound samples on the top of page 26 that were inspected by our inspection branch, they total 30,363.

By Mr. Jorgenson:

Q. That would indicate a lot of people had been reading your booklet, would it not?—A. Yes. It is double the previous year and we believe that that is the reason.

The CHAIRMAN: Appendix F, page 37, any comments on grain weighing branch? If not, we will go on to Appendix G.

By Mr. Muir (Lisgar):

Q. I think before we leave appendix E, perhaps I can have an answer to my question now that your statistician was going to give us.

Mr. BAXTER: Comparative stocks?

Mr. MUIR (Lisgar): Yes sir.

Mr. BAXTER: As Mr. McNamara quoted this morning the current position at least at July 23, although the other figures are being tabulated now in Winnipeg, on July 23 the position was 383 million bushels of wheat, 40.5 million bushels of oats, 55.3 million bushels of barley, 3.6 million bushels of rye, 4.5

million bushels of flaxseed, a total for the five grains of 484.9 million bushels. This represents stocks in elevator storage across Canada at all positions.

At July 31 last year the comparable figures were 407.5 million bushels of wheat, 53.7 million bushels of oats, 61.6 million bushels of barley, 3.5 million bushels of rye and 6.1 million bushels of flaxseed.

That also represented the elevator storage position.

Mr. MUIR (*Lisgar*): Well, the two are not comparable then?

Mr. BAXTER: Yes, those two figures are comparable. Neither of them includes farm stocks. We do not have any tabulation on farm stocks, that is the responsibility of the Dominion Bureau of Statistics in so far as their publications are concerned and in addition to that those surveys conducted by the wheat board on estimated deliverable stocks.

Mr. MUIR (*Lisgar*): That would not give us an actual picture then of the disappearance of the surplus, would it, because that is just the commercial storage?

Mr. BAXTER: Yes.

Mr. KINDT: Have you any figures on the farm storage end?

Mr. BAXTER: Yes I have.

Mr. KINDT: Between those two dates, August 1 of each year.

Mr. BAXTER: I am normally a bit reluctant to quote the Canadian Wheat Board estimates. The farm storage at July 31 last year was 319.2 million bushels of wheat. There were 172 million bushels of oats, approximately 81 million bushels of barley, 10.6 million bushels of rye and 1.5 million bushels of flaxseed.

I might make one point here. I don't recall whether Mr. McNamara outlined it completely this morning. In the anticipated deliverable quantities that he quoted this morning, for example, the comparable figure of 167.7 million bushels still deliverable on farms at July 31 when they calculate that that does not include the farmers' reserves for their own use; in other words, their estimate of what they require until the new crop becomes available whereas the figures that I quoted just now of last year's carry-over as released by the Dominion Bureau of Statistics includes every bushel of wheat which is going to be marketed or not and whether it is retained for the farmer's own feed and feed requirements.

Mr. MUIR (*Lisgar*): Have you figures for 1958?

Mr. BAXTER: No I have not figures for 1958. That will be released by the Bureau, I think, either the 17th or 18th of this month. They are completing their survey now.

Mr. HORNER (*Acadia*): You couldn't tell us in any way how this 319 million bushels was arrived at for storage on farms?

Mr. BAXTER: The bureau conducts a very extensive survey. They have approximately 10,000 correspondents across the prairies. Probably some of you members have on occasion acted as a correspondent for them as a western farmer. They receive these replies from their questionnaires from the farmers, country elevator agents, railroad agents and tabulate that survey on a total basis. They also check from one year forward to another on what you might call a balance basis. They have the farm stocks at August 1 according to the survey; they have the estimates of production which gives them the total available supply; they have our recorded figures of the quantities that have been marketed leaving a residual balance. So in this case supposing the balance was, say, comparing it to the wheat board, 267 million bushels and their final stock figure from their estimate of farm storage was 167 million bushels; in other words on that basis there would have been 100 million bushels of wheat disappear on farms. But they will take that figure and check

it against further surveys that they have conducted as to the livestock population, poultry, and so on, in other words, the usage. They will also check it against the acreage, the quantities that were used as seed and verify this balance. I speak merely from my knowledge of the bureau's operations in connection with this; I have no part in it.

Mr. HORNER (*Acadia*): I just wanted to hear your opinion on that as to how they arrived at that figure because I remember when they came out with that 729 million bushels it was certainly quite a surplus and I think it might have had a detrimental effect on the trade of grain and I think being it was just an estimate it should have been pointed out quite clearly that it was just an estimate.

Nobody knows for certain how much is on the farm or how much is fed to livestock.—A. It can only be an estimate.

By Mr. Muir (Lisgar):

Q. That figure for the total in storage as of July 31, 1957—it would be reasonable to suppose that it would be down roughly 400 million bushels by July 31, 1958?

Mr. BAXTER: The total last year was 729; the present visible storage is 383, and add to that the wheat board's estimate of still deliverable—supposing we took that as a balance, the 163 plus,—I think Mr. McNamara suggested there may be 15 million remaining over and above that as non-deliverable.

Suppose it was of the order of 180, added to our 380 in visible position, making 560; so it would be down approximately 160 million.

Now, I ask that you do not take that as an indication of what the balance will be, but merely as an example of figures.

By Mr. Gundlock:

Q. A surplus of that amount must add to the burden of the wheat board. According to the newspapers today, those figures were drastically reduced. Do the Dominion Bureau of Statistics figures compare with yours?—A. We do not make estimates of farm stocks.

Q. I thought you said this morning that you did.—A. No, we do not, but the wheat board does.

Q. Do those figures match?

Mr. BAXTER: That will be a question to be answered on August 17, when the Dominion Bureau of Statistics releases its figures. There will certainly be a difference between them on the basis of the amount that the farmer has discounted in reporting to the elevator agent, the people answering the questionnaire for the wheat board, as to what he has taken off his stock when he gave in the deliverable figure.

By Mr. Forbes:

Q. Do not the elevators estimate the amount of wheat they still think is in the elevator to support their elevator?—A. That is where the wheat board gets its information.

Q. I would say that the figures should be fairly reliable.

The CHAIRMAN: Let us proceed to appendix G.

Mr. THOMAS: In order to compare these wheat figures in the table G-1, the carryover as of July 31, 1956 was 579 million odd bushels, and there was a production in 1956 of 573 million odd, making a total supply in 1956 of 1,152 million odd.

Now, for 1957 we have a carryover, from July 31, 1957 of 729 million odd bushels.

Should that figure not be added to that crop for 1957?

Mr. BAXTER: That will be done in the comparable table which will appear in next year's report.

At the time that this report was compiled and sent to the printers, the bureau's final estimate of the crop was not completely ascertained.

That is why we came up to the end of the crop year and closed off the figures. You are quite correct.

The CHAIRMAN: Appendix H on page 55?

By Mr. Nasserden:

Q. I have a question on page 48 about natural drying. What does that mean?—A. It means the mixing of tough grain with a straight grade grain in proportion so that the resultant mixture is a straight grade.

Q. On page 49 at the bottom of the page, I see that at Saskatoon there is an excess of 23,482 bushels which is shown in excess in grades, and I take it that the 30,000 is shown as a deficiency. Does that mean that 23,000 bushels of No. 3 are credited as being No. 2?—A. We do not know how that occurred. None of the other elevators had it. It was just one of those things. I do not know how it occurred. It must have been put in the wrong bin or something like that, but those are the figures exactly as they were taken from the cut-off.

Q. What company put that grain into the government elevator there? Is that available?—A. No. Wheat is known as a "fungible" product, with grain of the same grade put in, yours or mine or that of anybody else.

The CHAIRMAN: It was by prearrangement that we were supposed to stop at five o'clock. But is it satisfactory to go on? We have only two more items to consider in order to finish up.

Agreed.

Appendix H on page 55. Is there any comment?

By Mr. Horner (Acadia):

Q. It says in appendix H, on page 55 that the spring wheat marketed in 1956-57 was high in bushel weight and flour yield. "Protein content and baking strength were below the long term averages . . ."

To what extent was "protein content" below, and what do they mean when they speak of "long term average"?

Dr. ANDERSON: The long term average for protein content of Canadian wheat is 13.5 per cent. As I recall it, that crop was about twelve-seven.

The CHAIRMAN: Appendix I? Agreed.

By Mr. Horner (Acadia):

Q. In appendix I, the storage charge is 1/45th of a cent at terminals, which is a lower charge at the terminals than at the country elevators.—A. In our own terminals.

Q. You mean in government terminals?—A. That is right.

Q. But now company-owned terminals charge the same?—A. No. We operate at a lower rate than any other person in order to attract the grain in there on account of the stopover charge. We would not get any grain if we did not.

Q. Do the pools make the same charge in the terminals as they do in the country elevators?—A. There has been a variation at times, but I think now it is exactly the same—Yes, one-thirtieth of a cent.

The CHAIRMAN: Appendix J, page 62?

By Mr. Muir (Lisgar):

Q. Before we get away from appendix I, when do the elevator companies meet with you people?—A. They have met with us already this year and at

that meeting we had briefs presented to us asking for tariff changes. At the conclusion of the presentation of the briefs I stated that our board would defer making any decision until we saw what the size of the crop was going to be.

At the time things looked pretty black in western Canada and it did not look as if we could get much of a crop. But in the meantime we have had rain and growing weather and the situation has improved.

Q. That had to do with handling charges?—A. Yes sir, and with storage charges.

By Mr. Gundlock:

Q. What difference does the size of the crop make with respect to the charge?—A. I think it has quite a bearing. For a good many years the elevator companies have been faced with a very heavy increase in operating expenses.

We had briefs presented to us at our tariff meeting by three western pools and the United Grain Growers, all of whom asked for a half cent increase in elevation. The line elevator companies asked for an increase of one quarter of a cent for elevation.

They based their requests for increased charges on the fact that they thought there was going to be less grain handled than ordinarily and that we must give consideration to the considered opinion of the management of those pool organizations and grain companies.

They are the business managers of the pool farmers throughout western Canada. They say to us: in order to keep our properties in good shape, and in the interests of our members, we should have an increase of one half cent a bushel in the handling charges. That does not necessarily mean that we will agree with them.

Q. Did the pools say that too?—A. They did say it.

Q. But they are paying dividends.—A. That is correct. We are aware of that.

Q. I cannot see how they can go broke and pay dividends too.—A. Nevertheless, we must give consideration to briefs presented to us by organizations of that nature.

By Mr. Horner (Acadia):

Q. I look at it from the farmer's point of view. I am certain that I would rather see the wheat pool get more for my bushel of wheat and receive less in my dividend and I think a lot of farmers would go along with me.

The CHAIRMAN: Appendix J?

By Mr. Thomas:

Q. On page 64 I see there is weighing and inspection included at several points except some of the eastern points such as Chatham. Are the dealers in Ontario more honest than they are in other places so that no weighing and inspection is necessary?—A. No. We do supply inspection or weighing service when they ask for it, but it is at request only.

Q. There is no set-up there for it?—A. We have an office in Chatham, yes.

Q. I mean, so far as weighing services are concerned?—A. As far as that is concerned, no. We have no service there, but we would do it if they requested us to do it.

By Mr. Forbes:

Q. Take Calgary and the inspection, samples sold, and other revenue along with it there on page 64.—A. Those are the samples which we take from the cars when we make the inspections. It was one of the items which appeared in this amount which Mr. McNamara says was bought by the wheat board.

Q. How large a sample do you generally take?—A. Two pounds.

Q. What comes under other revenue then? It is the same item, \$406.51?—
A. All recoverable expenses such as overtime when the employer uses the inspectors, and we recover it back from him and charge the companies, if it is not done in the general interest of the movement of grain, if it is for their specific purposes.

The CHAIRMAN: Appendix K?

Agreed.

The CHAIRMAN: Gentlemen that concludes our deliberations.

Is it satisfactory to the members of this committee to meet tomorrow morning in camera to formulate our report for presentation to the House of Commons?

Some hon. MEMBERS: Agreed.

The CHAIRMAN: I thought perhaps Mr. Jorgenson, the vice chairman, and myself could draft a rough report for presentation to this committee in the morning in order to save a little time.

Mr. PETERS: Before we conclude, could I ask a question?

The CHAIRMAN: Yes, Mr. Peters.

Mr. PETERS: It has been customary in past years for members of farm organizations to appear before the committee on agriculture. Could you tell us if any farm organizations have asked permission to appear before this committee this year?

The CHAIRMAN: They have not.

Mr. PETERS: Thank you.

Mr. KINDT: I would like to make one suggestion in regard to the preparation of the report which you have mentioned, for presentation at our meeting tomorrow morning.

Perhaps you would take into consideration the problem of protecting the farmers in western Canada in respect of the setting of freight rates.

The CHAIRMAN: We will do that. Of course members of the committee will be able to add or delete from that report whatever they see fit. I just made that suggestion with the thought that it might expedite proceedings tomorrow morning.

I wish to thank members of this committee very sincerely for their co-operation. We have proceeded very expeditiously here with our proceedings without interfering in any way with the efficiency of this committee. We have done remarkably well. I am sure we have all gained a lot in the way of information.

On behalf of the committee members, Mr. Milner, I would like to thank you and your staff and extend to you our hearty appreciation for appearing before us with this wealth of information which you have given to this committee. We wish you well in regard to all your deliberations in the coming year.

Mr. MILNER: Thank you very much Mr. Chairman and gentlemen.

I would repeat what I said before, that I would like the members of this committee to become familiar with the work of the Board of Grain Commissioners. I hope you will avail yourself of any opportunity you have to visit us in Winnipeg, or at any office across the country. Just identify yourself as a member of this agricultural committee and I am sure that there is nothing we will be afraid to show you. We would be very pleased to have you visit us.

Mr. MUIR: Just before the committee concludes, would you say a word about the showing of this film?

The CHAIRMAN: We will make inquiries in that regard. I will get in touch with the chairman and if possible, we will show the picture before we conclude our meeting tomorrow.

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